

Transcript Prepared by Clerk of the Legislature Transcribers Office

Revenue Committee March 8, 2023

Rough Draft

LINEHAN: Thank you. Welcome to the Revenue Committee public hearing. My name is Lou Ann Linehan. I'm from Elkhorn, Nebraska, and I represent Legislative District 39. I serve as Chair of this committee. The committee will take up the bills just the way we've got them posted outside the door. Our hearing today is your public part of the legislative process. This is your opportunity to express your position on the proposed legislation before us today. We do ask that you limit or eliminate handout-- limit-- which is what you're going through. If you are unable to attend the public hearing, we would like your-- and would like your position stated for the record, you may submit your position and any comments using the Legislator's website by 12 p.m. the day prior to the hearing. Letters emailed to senators' staff members will not be part of the permanent record. If you are unable to attend or testify at a public hearing due to a disability, you may use the Nebraska Legislator's website to submit written testimony in lieu of in-person testimony. To better facilitate today's proceeding, we ask that you follow these procedures. Please turn off your cell phones and other electronic devices. The order of testimony is introducer, proponents, opponents, neutrals and closing remarks. If you will be testifying, please complete the green form and hand it to the committee clerk when you come up to testify. If you have written materials you would like to distribute to the committee, please hand them to the page to distribute. We will need 11 copies for all committee members and staff. If you need additional copies, please ask the pages to make copies for you as soon as they get introduced. When you begin to testify, please state and spell both your first and last name for the record. Please be concise. It is my request that you limit your testimony to five minutes. We will use the light system. You will have four minutes on green and a minute on yellow to wrap up. And if it turns red, I will ask you to stop. If there are many wishing to-- covered that part. If your remarks were reflected in previous testimony or if you would like your position being known but do not wish to testify, please sign the white form at the back of the room and it will be included in the official record. Please speak directly into the microphone so our transcribers are able to hear your testimony clearly. I would like to introduce committee staff. To my immediate left is research analyst, Charles Hamilton. To the-- my left at the end of the table is committee clerk, Tomas Weekly. And I would like the committee members with us today to please introduce themselves, beginning at the far right.

KAUTH: Kathleen Kauth, LD 31, Millard Avenue-- or, Millard area.

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VON GILLERN: Brad von Gillern, Legislative District 4, west Omaha.

ALBRECHT: Hi. Senator Joni Albrecht, District 17, Wayne, Thurston, Dakota, and Dixon Counties in northeast Nebraska. Welcome.

DUNGAN: Senator George Dungan, LD 26, northeast Lincoln.

LINEHAN: And if our pages could stand up. We have Amelia from UNL, who's a senior studying political science, and Caitlin [PHONETIC], who's at UNL, who's a junior studying political science. Please remember that senators may come and go. We are at the end of hearings, so we have a lot of senators introducing bills in other rooms, so they may have to come and go for other committee business. Please refrain from applause or other indications of support or opposition. For the audience, the microphones in the rooms are not for amplification, but for recording purposes only. Lastly, we use electronic devices to distribute information. Therefore, you may see committee members referencing information on their electronic devices. Be assured that your presence here today and your testimony are important to us and a critical part of our state government. And with that, we will open the hearing on LB622. Welcome, Senator McDonnell.

McDONNELL: Thank you, Chairperson Linehan and members of the Revenue Committee. My name is Mike McDonnell, M-i-k-e M-c-D-o-n-n-e-l-l. I represent Legislative District 5, south Omaha. Today, I'm here to introduce LB622, which would amend the Sports Arena Facilities Financing Assistance Act to allow for large sports arena facility construction projects to receive turnback financing. This bill is the second of two bills that I have brought as a request of the Union Omaha, Omaha and Nebraska's only professional soccer team. The other bill, LB621, is in the Banking, Commerce and Insurance Committee. LB622 would amend the Sports Arena Facility Financing Assistance Act to allow for the construction of a stadium between 5,000 and 7,000 seats with an overall capacity of 10,000. Incentivizing the construction of this stadium is important for a number of reasons. For one, Union Omaha needs a place to play soccer. They currently play at Werner Park. And while that has worked, it is difficult for them to play professional soccer games while trying to simultaneously host professional baseball and a series of community events in the stadium. Union Omaha has been examining a host of sites in and around the Omaha area for the last two years for the potential construction of a home stadium for their team. Second, the project would have a significant economic impact on the city of Omaha and the area and around, around the Millwork Commons Gallup area north of the CHI Center. Furthermore,

I view this as a standard of living bill. When folks are looking at moving to Nebraska, a professional sports team, particularly soccer, is something that many younger people are attracted to. It is something to enjoy and be proud of in our state. Third, the economic impact of the \$100 million project as well as the rejected \$300 million in development adjoining the stadium will transform the area north of the CHI Center and the Charles Schwab Field in Omaha. In 2021, Union Omaha commissioned an economic impact study from the best-in-class Convention, Sports and Leisure, CSL. This project-- this report projected \$99 million in economic impact for the state of Nebraska in addition to the projected impact of the city of Omaha at \$168 million. The report also projected 225 net new construction jobs and 195 net new jobs from the stadium operations. At Union Omaha's request, the CSL also measured the economic impact for the auxiliary development around-- surrounding the stadium. The first phase of the private development is expected to create over 450 net new jobs with just under \$200 million in projected economic impacts. These are just a few of the positive impacts that the large-- a professional sports stadium like this will have on Omaha. There will be a test-- there will be testimony to follow from individuals who can further elaborate on the exciting project. I'm also offering AM755 to LB622 to accomplish three objectives. First, this amendment would define the applicant for turnback tax to be a political subdivision. During-- doing so will eliminate a lot of confusion for-- by numerous well-intended nonprofit organizations across the state with apparently misunderstanding that jointly filing an applicant with a political subdivision for turnback tax does not allow the nonprofit to own a sports complex due to Article 13, Section 3 of the Nebraska Constitution. Of course, nonprofit organizations will play an important role in managing and operating a sports complex and relative activities. I wanted to emphasize that unlike state tax dollars, federal tax dollars, like those allocated from ARPA, are not subject to Nebraska's constitutional prohibition against lending the credit of the state. Secondly, a political subdivision in this act means any city, village or county. The amendment would add language to include in the definition a joint entity formed under the Interlocal Cooperation Act, which includes a city, village or county as a member. This change would make the act more workable for various projects across the state of Nebraska. The third and final objective of this amendment reflects the negotiated agreement between the Nebraska Arts Council and the League of Nebraska Municipalities to amend Section 13-20706 to give the Nebraska Arts Council the authority in fiscal year '23-24 to determine the dollar amount of the Civic and Community

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Center Financing Fund, CCCFF, grants to municipalities with certified creative districts. This is a change to the provision of LB927 passed in 2022's session. In addition, AM755 would amend sections LB82-334 and LB82-335 to allow all cities of the first-class, second-class and villages with creative districts to apply for grants now and in the future. Current laws, law-- current law states that only cities of the first-class with creative districts are eligible to apply. The amendment would authorize the Nebraska Arts Council to determine the dollar amount of the grants to be awarded to the municipalities. LB39, passed in 2021's session, provides the grant must be at least equal to \$1.5 million. This started off with discussions about a sports stadium. And again, I don't know if you are soccer fans. I'm not really-- I grew up being a soccer fan. But regardless if it's soccer, if it's hockey, if it's football, we have to look at what I think younger people are attracted to and how do we, how do we retain and recruit. So it started off having that discussion. And as we got farther into this-- and I really do appreciate the Nebraska Arts Council and the League of Municipalities working together on this bill to where we started. And you can see the amendment that I handed out to you. There's been a lot of work to clean this bill up and also to make positive impact for our state going, going forward. And there's going to be six people testify today. I think all their testimony is, is going to be impactful. But I just really appreciate them working together and trying to improve this bill. Again, focusing on economic development, and I think this is one way to do it. By attracting younger people and through our only soccer, professional soccer team in the state, I think this is a good opportunity for us to move our state forward economically.

LINEHAN: Thank you. Senator McConnell-- McDonnell. Are there questions from the committee? See none--

McDONNELL: And I'll be here to close.

LINEHAN: You'll be here to close? Thank you. So, first proponent. Good afternoon.

MARTIE CORDARO: Good afternoon, Chairwoman Linehan and members of the Revenue Committee. I am Martie Cordaro, M-a-r-t-i-e C-o-r-d-a-r-o. I'm president of Union Omaha. I'm here to testify in support of LB622. We appreciate your time today, and thank Senator McDonnell for introducing this bill. LB622 amends the Sports Arena Facility Financing Act that was introduced as one of two bills to assist in the development of a multi-stadium project that's being promoted by Union

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Omaha, Nebraska's only professional soccer club. Our club is a member of USL League One. We led our league in attendance two out of our first three years and won the league in 2021 on the field. Of note, LB621 is the other bill and has been heard by the Banking, Commerce and Insurance Committee. Over the course of nearly two years, Union Omaha has examined the potential of operating its own stadium to meet the needs of this growing sport. Soccer is now the fourth most popular sport in the United States, behind football, baseball and basketball. In Nebraska, more youth play soccer than any other sport. And finally, the world's game will be coming to North America in 2026 when the FIFA World Cup is played on American soil. This will give even more importance to this game and this new facility. Union Omaha has identified four primary reasons for the construction of the stadium. One, to provide an anchor and asset to retain and recruit young professionals. Second, to bring professional sports to downtown Omaha. Third, to generate positive local, national and international exposure for Nebraska. Fourth, to enhance community pride, image and brand. While this is viewed as a stadium, it's more than about soccer. It's about meeting multiple pillars. Of course, this would be a new home for the men's team. Second, we will be adding a women's team. Third, to develop a youth academy that would help keep Nebraska youth here. Right now, many of Nebraska's most talented soccer youth are being pulled away to Denver, Kansas City, Minneapolis and other cities. It's a goal of ours to develop a top-notch youth program that keeps those families in our state. And finally, the overarching pillar is our community commitment. This facility will be community and events first and soccer second. This facility will be available for all types of community events with a focus on the north Omaha area, with community celebrations, walks, fundraisers, youth and high school sporting games are just some of the events that will take place once the facility opens. We're committed to being a good community partner. Much like other teams who are in urban core areas, we are creating a community benefits agreement that, once implemented, would enshrine our commitment to the area we will serve in and around the stadium. This includes focuses on internships, community engagement and other tangible benefits to our neighborhood and the area we are seeking to join. As noted by Senator McDonnell, the project is being looked at as a \$100 million plan. Union did retain CSL, the same firm that completed studies for CHI Health Center and Schwab Field, to perform this economic impact report. Once the facility and development are complete, CSL indicated the investment would likely lead to 195 new net jobs, \$7 million in operating jobs earnings and over \$17 million in annual operations economic impact just for the stadium. The

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ancillary development would be more than \$200 mil-- right around \$200 million in total economic impact, as well as 450 net new jobs. We're happy to provide a copy of that specific report. Two major milestones were recently achieved. First, we've signed an LOI from the owners of the property for our preferred site. Second, we've secured a lead project developer for the mixed-use development around the stadium. That developer is well-versed in building out entertainment development around a stadium like this one proposed. Union remains the developer of the stadium with SEA Development, Sports, Entertainment and Arts, SEA Development creating the area immediately adjacent to the stadium. Let me be clear: under all scenarios, a commitment from the state is absolutely essential to the success of this project. That is why I sit before you today and ask for you to advance LB622. Our hope is that this committee and the Legislature will look favorably at an investment to this project when it's ready to go. Thank you for your time today. I'll be happy to answer any questions you may have.

LINEHAN: Thank you very much. Are there any questions from the committee? Senator Albrecht.

ALBRECHT: Thank you, Chair Linehan. And thank you for being here today, Mr. Cordaro.

MARTIE CORDARO: Yes, Senator.

ALBRECHT: So \$100 million is what you're seeking from the state?

MARTIE CORDARO: We're not. The project will be \$100 million.

ALBRECHT: The project. So how-- who-- would you be working with municipalities at all?

MARTIE CORDARO: We've been having ongoing conversations with the city of Omaha since fall, since September. And we're working towards who would be the exact owner of the facility. Whether it's the city or whether it's going to be a, a stadium authority, we're not there yet. Our franchise, meaning Union Omaha, would commit to a 20, 25, 30-year lease and manage the facility. There will be philanthropic dollars and activity as well as private ownership with our ownership group investing as well.

ALBRECHT: OK. So. Tell me again what-- so you're here before us today requesting?

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MARTIE CORDARO: Helping us be able to be included in the stadium so we, so we can have a district.

ALBRECHT: Because, because you're going to be under the umbrella, if you will, of-- what do they call that? The arts. That was in Senator McDonnell's opening [INAUDIBLE]. Hold on here. Nebraska Arts Council. So there are grants. So I guess that's what I'm asking. Are you or the municipalities asking for grants from the Arts Council?

MARTIE CORDARO: This would be about creating a district for turnback under the Sports Arena Financing Facility Act.

ALBRECHT: OK.

MARTIE CORDARO: I don't know if I'm answering your question or not.

ALBRECHT: Well, but-- so you're here to be considered to be a part of-- and I think it is the Nebraska Arts Council. That's just about an entertainment venue. But of course, this is for sports. So you're asking to be considered to put a sports-type facility under the arts councils?

MARTIE CORDARO: Well, it would be-- soccer is the, is the facility. But from an events perspective-- much like our other facility that we run, Werner Park, we had over 300 events there, which is three times more than a sporting event. So, yes. Would there be community events and arts events? There would be.

ALBRECHT: OK.

LINEHAN: Thank you. Senator Albrecht, are there other questions?
Senator von Gillern.

von GILLERN: Yeah. Thank you, Mr. Cordaro, for being here again.

MARTIE CORDARO: Yes, Senator.

von GILLERN: I'm looking at-- forgive me. I should have done homework before I got here. This bill is actually in conjunction with another bill that Senator McDonnell submitted. Is it LB623?

MARTIE CORDARO: LB621.

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von GILLERN: OK. And if you could refresh our memory-- and I think this might also inter-- answer Senator Albrecht's question, what was the fiscal request on LB621?

MARTIE CORDARO: LB621 would be a grant from the DOD, the Department of Economic Development from Director Goines, where for every \$2 that the state would grant, we would raise a dollar. And, you know, that request was to be taken from the state surplus.

von GILLERN: And was there a total?

MARTIE CORDARO: That max would be \$50 million.

von GILLERN: \$50 million. OK. That was the number I had in my head.

MARTIE CORDARO: Which, which we would have--

von GILLERN: We've seen a number of these and I didn't want to get them mixed up. I'm not trying to--

MARTIE CORDARO: Yeah, we'd have to raise \$25 million under that scenario.

von GILLERN: I could not remember what the, what the actual number was. And then I would like to see that economic impact report. If you could share that with us, that would be great. I'd be curious to see the 40-- 450 net new jobs you're going to parse-- some of those are going to be temporary construction jobs, which, of course, I'm a fan of from my previous life. But of operations, I'd be curious to know how many of those 450 are, are full-time, long-term employees versus vendors and, and part-time employees.

MARTIE CORDARO: Fair question. We--

von GILLERN: So if you can show that, that would be great.

MARTIE CORDARO: --we can.

von GILLERN: Thank you.

LINEHAN: Thank you, Senator von Gillern. Are there other questions from the committee? So you want turnback tax? So, sales-- you want your own area?

MARTIE CORDARO: That's correct.

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LINEHAN: So what, what size would that area be?

MARTIE CORDARO: 600 yards.

LINEHAN: 600 yards from the stadium?

MARTIE CORDARO: That's correct.

LINEHAN: And you would want all the sales tax, half the sales tax, part of the sales tax?

MARTIE CORDARO: We would want to capture all of that district that we would be creating.

LINEHAN: For how long?

MARTIE CORDARO: I believe it was 19 years. I believe it was.

LINEHAN: OK. And has the city agreed to give you their 2.5 cents?

MARTIE CORDARO: They have not yet, no.

LINEHAN: OK. Any other questions from the committee? Thank you very much for being here.

MARTIE CORDARO: Thank you.

LINEHAN: Good afternoon.

KYLE PETERSON: Good afternoon, Chairwoman Linehan and members of the Revenue Committee. My name is Kyle Peterson, K-y-l-e P-e-t-e-r-s-o-n, and I'm a part of the local ownership group that owns one-half of Union Omaha. My family and I live in Omaha. I'm president of Colliers, Nebraska in Omaha. And I've been fortunate to call the College World Series and other baseball events on ESPN for the past 20 years. I appreciate the opportunity to be here today to testify in support of LB622 and on behalf of my fellow owners of Union Omaha. LB622 would be an outstanding investment for this community that will ensure Nebraska's future by enhancing community pride, image, global recognition with the game and additional youth outreach. This project to build a multi-use stadium has been cultivated by Nebraska natives and established members of Omaha and this state. We seek to bring business and community opportunities to the area to celebrate and enhance the already existing culture that we have here in this state. For one, this project will support and provide a home base for the

Union Omaha soccer team, which has already begun to make a name for itself. And Martie just mentioned becoming USL League One champions in 2021 and League finalists in our inaugural year. This project will provide yet another method for attracting and retaining young professionals to Nebraska as well as other businesses to the Omaha market. The stadium will be located near downtown Omaha and act as an additional front door to our city. For many, the drive from Eppley into downtown Omaha is their first-ever view of the state of Nebraska. It's one of many first impressions of our great state. That drive has changed dramatically over the past 20 years, and this stadium and development will only add to the success and growth that Omaha has experienced, thus benefiting our entire state. Much revenue is expected to be generated for Omaha's downtown businesses, and it will serve as a gateway to the entire downtown area. It's fitting that Union Omaha's team motto is "one means all" because that is the sense of fellowship we think this project will inspire in our community. Soccer's an internationally beloved sport and it's continuing to grow in popularity in the United States. I can attest to this directly, having taken my daughter to numerous soccer tournaments and events all around the country. We hope this multi-use stadium will serve as a rallying point for our citizens and a source of local pride that brings people together from both here and afar to celebrate this community and the opportunities that exist within the project. In sum, the project's about the state. It is about Nebraska. Half of Union Omaha is owned by Nebraskans who have chosen to make an investment in their local community and steer here-- stay here to help it grow. We have a collection of local entrepreneurs, business owners, real estate professionals who have recognized and invested in what we think is an incredible opportunity to see our community achieve additional international recognition. We have great opportunities ahead of us regarding the stadium, from seeing Union Omaha excel in the soccer field to hosting community events, including festivals and local concerts. There's so much more that the stadium can bring to add to an already vibrant scene in downtown Omaha. And I've already mentioned some of this, but when fully programmed, we anticipate hosting up to 160 annual events. In all, it could be as many as 350,000 people that visit the project annually. And that just happens to be the attendance of the College World Series last year. We've made significant investments in the team and the potential facility already in the hope that professional soccer will grow in Nebraska and serve as a catalyst for additional opportunities. This multi-use stadium will only help us realize that dream, help Omaha as a city and Nebraska as a state continue to succeed and grow. I hope that you can recognize this

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incredible opportunity in front of us, share in my excitement and others' involved in this and the prospects this project will bring for our citizens. Thank you all for listening to my testimony, and I'll try to answer any questions you may have.

LINEHAN: Thank you very much. Are there questions from the committee? Seeing none. Thank you very much.

KYLE PETERSON: Thank you.

LINEHAN: Good afternoon.

KATHERINE RZONCA: Good afternoon, Chairman Linehan and members of the Revenue Committee. My name is Katherine Rzonca, K-a-t-h-e-r-i-n-e R-z-o-n-c-a. I'm 24 years old. I currently reside in Omaha. When I finished college in Lincoln, I knew I wanted to stay in the general area and start my career. That eventually led me to move to Omaha, where I moved to in mid-2020. Moving to a new city in the middle of a global pandemic is not an easy feat, especially as a young adult, so I had to find a way to branch out. So as restrictions started loosening in Omaha, I started to explore more and more of the city, one of those being a Union Omaha game with some colleagues and friends. As the season went on, I found myself being so engaged with the community, the friendships and, of course, soccer. I started finding more ways to participate; one of those being joining a supporters group in-- for the team called Omaha Parliament. Within that group, I met so many people: all different ages, backgrounds, talents, skills and careers. More importantly, we were all joined together by our love of the support-- our love of the sport and the community of Omaha. I didn't really know much about soccer when I first started going to matches. But because the community and team, I got to find a place that made Omaha feel like home. I brought friends, family and even more coworkers to games, and some of those continue to attend games every single year with me. I was a part of a Drum and Chants team, as well as the Creative Committee of Omaha Parliament, where I helped lead the drumline and served on our 2022 board of directors. I got to help take part in creating the gameday environment that Union Omaha fans and our 400 plus membership get to experience every single time they take to the pitch at Werner Park, which gave me some of the most cherished friendships and connections I have within my life currently. Throughout my time attending games, I've gotten to see Union Omaha win the USL League One title in 2021 while only really in their second year of playing the sport, watching them beat two Major League Soccer sides, advance to the quarter finals of the U.S. Open Cup and

constantly show up to support the growth of soccer, the community within the metro area, whether that's hosting camps for kids, attending different community events or helping fundraise to build soccer pitches for students in, in communities here in Omaha. It's that kind of outreach that makes this team something special to the city and the state, so. It's no secret young professionals are leaving the state of Nebraska. As a young professional myself, if I didn't find the community and growth like what I found within Union Omaha and this team, I don't think I would have had a lot of motivation to stay in Nebraska. With the potential addition of a stadium to Omaha, I believe that this will be a positive factor in helping young adults stay in Nebraska by giving them a hometown team to root for in one of America's fastest-growing sports. As well as keeping with the possible addition of the women's and academy teams, we can keep that homegrown Nebraska soccer talent in the state and grow this project to be more than just another Omaha stadium. With that being said, I feel like the addition of a stadium for Union Omaha and the city of Omaha will not only help keep young professionals in the state, but serve as a way to grow the community and outreach for youth in the state of Nebraska. Thank you for allowing me to testify today in support of LB622. I'll try to answer any questions that you have.

LINEHAN: Thank you very much. Are there questions from the committee? Senator Kauth.

KAUTH: Thank you, Chair Linehan. Where do you work?

KATHERINE RZONCA: I currently work at Buildertrend.

KAUTH: Buildertrend. OK.

LINEHAN: Thank you, Senator Kauth.

KAUTH: Thank you.

LINEHAN: Are there other questions from the committee? Where are you from originally?

KATHERINE RZONCA: I grew up outside of the Omaha metro area, so about like 35, 40 minutes away in Harlan, Iowa.

LINEHAN: OK. Very good. All right. Thank you very much for being here.

KATHERINE RZONCA: Yup.

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LINEHAN: Next proponent? Good afternoon.

BILL VODVARKA: Good afternoon. Good afternoon, Chairman Linehan and members of Revenue Committee. My name is Bill Vodvarka, B-i-l-l V-o-d-v-a-r-k-a, and I will be testifying in support of LB622 today. In my opinion, a downtown Omaha stadium creates public value by anchoring a dedicated franchise that will provide diverse opportunities, economic impact and ability to maintain our standing on the national stage as a top-end sports town. Soccer is just scratching the surface in our country. And if we don't nail this down, we will have the opportunity to get behind the eight ball. I grew up in Lincoln playing soccer, and it became one of my great passions in life. The game-- the game is a game of speed, not just with your feet, but of your mind. It doesn't require you to be 6 foot tall or 300 pounds, but it rewards quick and decisive thinking. It doesn't require anything to play except for a ball. Soccer is inclusive of all body types, shapes and backgrounds. And if you have the desire and dedication to improve, you will. This is why I think it is a quintessential sport for Nebraska. We are a state of people who put our heads down and suffer to make ourselves and our families better. We don't back down and we make use of the gifts that God has given. We work hard to make decisive decisions. As an example, my favorite uncle's name is Francisco Rodriguez [PHONETIC]. He came to our country and started a small business in Central City. Uncle Frank and I bonded over soccer. This is because it is a wonderful game and it brings us together as a family. This is not an uncommon story. This is what our state is about: people coming, using their gifts, working hard and making it better. This is why our-- this state-- excuse me. This is why the sport belongs in our state, and we want to cement it with the new stadium with Omaha Union. Over the weekend, I attended an English Premier League game with some other fans in Benson area of Omaha. This is a set of fans of all age groups, but skew strongly to young professionals. We gather together with fans from different teams and cheer on our favorite players. The game was at 10:30 on a Sunday morning, and we still had over 85 people in attendance. Soccer has a way of sucking you in, and no generation of our country has been as affect-- as affected as millennials and Generation Z. We see that soccer is a sport that we can enjoy playing, watching and, most importantly, attending. Fans of Union Omaha gather before the game, bring flags, drums, posters and a positive attitude to help bring an atmosphere of rhythm to the game. Fans have a huge effect on the energy of the game and have a direct effect on the teams. These groups of supporters are mostly young men and women, young people who want to

be part of an inclusive and positive group that has a joint purpose. We don't hear this very much from society: joint purpose. But this is what you see with soccer: people who come together to be part of a positive group that represents them and their city. As Nebraska continues the fight against brain drain, we need to look at different ways that Nebraska and Omaha can be seen as a desired destination for young people and active professionals. The soccer-specific stadium and downtown venue is critical for the future of Union Omaha and will show that the state is taking proactive actions in eastern Nebraska. I'm here to tell you that such steps, such as funding a beautiful new stadium in an urban setting, is one step that our peer cities are already taking. It's a done deal in Des Moines. If we looked at ourselves in the mirror and decided if we can accept that young professionals are going to be driven and tempted away to Minneapolis, Kansas City, Des Moines, Grand Rapids, or Indianapolis. They have seen the value to the community by investing in soccer. Nebraskans work hard. We make decisions and we know when to strike. The iron is hot and now is the time. Investing in an urban soccer specific-stadium will create public value by providing an anchor downtown and taking a step towards making Nebraska the destination for young professionals. I look at how this affects the rest of Nebraska-- and a quick example here. A young man, Joscar [PHONETIC] is from Lexington. Joscar [PHONETIC] is good enough that he could have gone to college, but he was also good enough that he could go pro. Union Omaha brought him in and, in conjunction with Bellevue University, he's not missing out on college credits. But it gives kids not just from the Omaha metro, not just from Elkhorn an opportunity to go and take an extra step in their life. Thank you for your time today. I'll answer any questions you have for me.

LINEHAN: Thank you very much. Are there questions from the committee? Senator von Gillern.

von GILLERN: Thank you. Is it Mr. Vudvarka? Is it--

BILL VODVARKA: Vodvarka.

von GILLERN: Vodvarka. Thank you. Forgive me. I got a tough one too. The-- and I'm not trying to sabotage you on this, but you said "soccer-specific stadium," "downtown Omaha" three times. And there is a soccer specific-stadium in downtown Omaha. And maybe-- and it's a little unfair to you. I've already had this conversation with Mr. Cordaro and Senator McDonnell about the fact that Morrisey [SIC] Stadium is downtown and, and, and I understand that Creighton is not

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open to sharing their facility, or at least in a way that is workable for Union Soccer, and I think that's incredibly unfortunate. And apparently it's unfortunate to the tune of about \$100 million. And, and I'm just not yet fully convinced that there's not an avenue there to take advantage of an existing facility. And again, I forgive-- forgive me for asking you this question. It probably would have been more appropriate to previous testifiers. And, and I'm sure Senator McDonnell will address it when we're done. He's waving to me now, giving me the affirmative. So, anyway, thank you for bringing that to our attention.

BILL VODVARKA: Sure. Was that a question or--

von GILLERN: No, I'm sorry. There was no question-- [LAUGHTER]

BILL VODVARKA: No problem.

von GILLERN: I, I did ask you how to pronounce your name. So I guess there was a question [INAUDIBLE]. Thank you.

LINEHAN: Thank you, Senator von Gillern. Are there other questions? How many, how many players are on Union Soccer? I don't watch soccer.

BILL VODVARKA: On the field-- you can have 11 on the field at any one time. And I believe, generally, you have a roster of 25 to 26 on the full roster.

LINEHAN: OK. Any other questions? Seeing none. Thank you very much for being here.

BILL VODVARKA: Thank you.

LYNN REX: Good afternoon, Senator Linehan and members of the committee. My name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. What you're having handed out is a similar handout that you've had in the past about the number of communities all across the state, first-class cities, second-class cities and villages that apply for CCCFF grants. A little bit of background. You may remember that when the Omaha Convention Center Facility Financing Act was put together. That was done with the passage of LB382 in 1999. Senator Flood then came in with LB551 and assisted the Omaha Convention Center Facility Financing Act. Omaha and Lincoln are both under that act. I call it the Omaha Financing Act. It's actually the Convention Center Financing Act. And then basically in 2010, Senator Lathrop came in with the, with the Sports Arena Assistance Financing

Facilities Act. So in any event, we just really appreciate the fact that 30 percent of those funds for-- that you have for state throwback sales tax-- or, turnback tax goes into the CCCFF. That being said, there were a couple of changes we'd like to make. And we've negotiated-- we really appreciate Mike Markey, who is the director of the Nebraska Arts Council, negotiating with us to make a few changes and modifications to give them maximum flexibility so that they can make these determinations. You may remember that one of the conditions of LB39, which amended-- that passed in 2021 by Senator Brett Lindstrom-- that amended the Sports Facility Assistance Financing Act. And the way that that was negotiated was that basically that those funds would not go then-- 30 percent would not go to the CCCFF. It would go to the Nebraska Arts Council, but only for cities in the first-class and only with a minimum grant of \$1.5 million. What this does-- and we really appreciate the Nebraska Arts Council and Mike Markey working with us to say that, basically, that they make that determination of what the amount of the grant is. So the funds still go to them, but they make that determination of what the grants would be, what the dollar amounts would be on those grants. They do-- and those are for municipalities. So this would be now not just first-class cities, but all first-class cities, second-class cities and villages, with the exception now of Ralston and also Kearney because they've received throwback sales tax. So all those cities could apply if they have a certified district. And the Nebraska Arts Council has done a great job across the state promoting, educating. We really appreciate the fact they would partner with us on educating folks on how to do a creative district. It's really-- frankly, I've become a real strong believer in them. I've been, I've been, I've done a 180. I wasn't sure about it. I am telling you, they do fantastic things all across this state. The second change we would make is due to passage of LB927 last year. That was also negotiated with Mike Flynn. That particular amendment said that for one year, for FY '23-24-- that's the language, by the way, that you have. And this is Section 1 of the bill. If you look on page 1 of your bill, lines 24 to 27, basically what he negotiated was that for that year only, FY '23-24, that, basically, the Nebraska Arts Council would be making certain funds and grants and they would make-- for creative districts. In other words, DED could not give grants to municipalities. And that was open to all municipalities, which is a good thing. But they do not give grants unless it was within a certain dollar amount of \$100,000 to \$250,000. We think, again, the Nebraska Arts Council ought to make that determination. They're in the best position to determine which municipalities are ready to up their game on their creative district

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and how to proceed. So we really appreciate that. We strongly support AM755. We think this is an important amendment to LB622. We also support the underlying bill. We think this is a real game changer not just for Omaha, but for the state of Nebraska. Mike Markey's here today and I'm sure he'll be answering any questions you might have too about the Nebraska Arts Council about it. I can't speak highly enough of them. They've just done some phenomenal work across this state. So with that, I'm happy to respond to any questions that you might have.

LINEHAN: Thank you very much. Are there any questions from the committee? Senator von Gillern.

von GILLERN: Yeah. Ms. Rex, thank you for being here today for your testimony. The-- you're familiar obviously with LB803, which you've had other conversations about. And forgive me. We just got the addendum-- or, the amendment handed to us. I was looking at the ownership. Looks like the ownership language is the same as both bills, yet you-- what, what's different between the, the two bills that you-- that you're in support today but you're opposed to LB803?

LYNN REX: Well, the reason why we opposed LB803 was because the words "publicly owned" were taken out of that for a sports complex. And so you'll note in this bill that what you have in front of you, that-- and again, I think just eliminates confusion in a rather profound way.

von GILLERN: If it's here, I believe you. I-- that's--

LYNN REX: It is.

von GILLERN: You don't need to dig it out.

LYNN REX: But, but to underscore that point, Senator, page 3, line 31, publicly owned racetracks, everything under this, any-- basically, any facility receiving turnback tax needs to be publicly owned.

OK. Thank you. I just--

Because of Article--

von GILLERN: --again, just having received it, not had a chance to look at it.

LINEHAN: Yes. Because of Article 13, Section 3. And so-- but that being said, we certainly recently we support the efforts here. We think it's just really important and appreciate the fact that this

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bill will clarify in a large way some of the concerns and confusion created with even a joint application with the nonprofit, because I think some folks thought that that meant that the nonprofit could actually own a sports complex, for example, or a racetrack. So there would be state throwback sales tax going to a nonprofit that would then own a racetrack or own a sports complex or own an arena. And this bill makes it abundantly clear-- so it comports with Article 13, Section 3 that, in fact, they have to be publicly owned. And that's important because these are public dollars, taxpayer dollars. So I'm happy to answer any other questions.

LINEHAN: Thank you very much. Are there other questions from the committee? Senator Bostar.

BOSTAR: Thank you, Chair Linehan. Thank you, Ms. Rex, for being here. What does it look like when two of these turnback areas overlap?

LYNN REX: First of all, I don't know that that would happen. And I will share with you the reason why I think that happen-- would not happen is because the state board, comprised of five individuals-- and the Governor has to vote yes. Of the five in terms of whether or not someone gets turnback tax-- you make an application. You file all the documents. And it's a pretty detailed application. I mean, this is not something you put together over a weekend. So when they file that, Senator Bostar, to those folks, the Governor is the one person that has to vote yes. The other four-- you would need three out of five, but the other four don't have to. So I can't-- you know, I would think that, for example, when you look at various turnback provisions that-- I can't imagine that they would approve something if there is that kind of overlap. That's just my personal view. That's not my decision.

BOSTAR: But hypothetically, let's-- but what if it did? I mean, what if someone put out an application that the range was within another turnback area's range? I just-- as a technical perspective, how would that be handled?

LYNN REX: OK. I don't know, but I'll give it my best-- total speculation. It couldn't happen.

BOSTAR: Couldn't happen.

LYNN REX: Could not. I mean, that's just my speculation that it could not. Because with overlapping jurisdictions, what you have to look at is who would get the-- you know, how would you share that turnback

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tax? Because the way it works now is it's on a 70-30 proposition. So 70 percent of the turnback tax goes back to the city or to the-- basically-- or the county, for example, the purpose of which-- or the village. Those are the only three entities that can get turnback tax-- so, city, county, village. So basically the turnback tax goes back to, for example, the city of Omaha to pay off the bonds for CHI. And 30 percent of that goes back into the CCCFF. And then we've talked about these provisions here. Now, in Omaha, when I say 70 percent goes back, Senator Ernie Chambers was successful in changing theirs from 70 to 60. So 10 percent of the 70 goes back to certain low-income areas in Omaha. But in Lincoln for that arena and Ralston arena, Senator, it goes back to pay off those bonds. So I don't know that you can, number one, get a clean bond-- this is just total speculation-- but I don't think you could get a clean bond opinion if you had overlapping jurisdictions. And I don't think that the board would approve it. But again, that's just my guess. I don't know how you could possibly do it if it was overlapping.

BOSTAR: So we've-- I have a lot of turnback bills this year, more than I think we usually do, and we usually have a few. And you've been present for all of them. Do you see any issues with how all the legislation we're considering around turnback this session fits together? Are there things that we need to be looking at that we need to sort out before-- you know, if we, if-- for example, if we passed all of them, are there unintended consequences based on the fact that we are now deep into the turnback statutes in a lot of places?

LYNN REX: I think if you pass all of them, then you still have the state board that's going to make the ultimate determination because-- let's, let's assume that you pass all of them and, hypothetically, that you had one that overlapped over another. It will be the state board that would decide, we think Project X is the favorable project, is more successful, would be a more-- a greater benefit to the state of Nebraska than Project Y, for example. But-- so I guess what I'm saying is if you pass them all, ultimately you're just authorizing how this-- how these would interplay. But the ultimate decision is going to be by the board. And, and frankly, even before it gets to the board decision, Senator, you're looking at whether or not buying council signs off. Because if your buying council isn't happy, nobody's happy, and that project doesn't go forward.

BOSTAR: Sure. So the-- Senator Wayne brought out a turnback bill that did a number of things. One thing it did was it, it was expanded the area on his from 600 to at least 1,200 yards.

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LYNN REX: Yes.

BOSTAR: Would that apply to this or would that just be the convention center? For example, if we did this and that, would this then become 1,200-yard capture area?

LYNN REX: No. This is-- I mean, they have-- and I'm not-- I'll defer to others, Senator McDonnell and others, who know the, the exact details of what they're looking at for Union Omaha. But that is under the Convention Center Act, which is the LB382, then amended by LB551 in 2007. So that's a different act than this one, which is what Senator Lathrop did for the city of Ralston. So you have two different acts, the Convention Center Act, Lincoln and Omaha, and you have a bill for each of them in this session-- or, you don't have it, but one's been presented to you by each-- Lincoln and Omaha. And then you have the Ralston Act, which is-- well, not the Ralston Act, but put in for Ralston by Senator Lathrop, which is this act, the Sports-- and this is what's being amended in this bill. So LB622 relates to what is the underlying and foundational one for Ralston. And also to underscore the point, \$17 million was just granted by the board for the, for the city of Kearney for a sports complex in Kearney.

BOSTAR: And both of those acts, the sports arena and the convention center, they both feed into the CCCFF.

LYNN REX: Yes, they do. But to be-- but what's happening now is with-- because of LB39, because of LB39, that changed. So originally, yes. But with LB39, the way that that changed-- because LB39 amended LB779. So LB39 in 2021 amended LB779, which was Lathrop's bill in 2010. And the way in which it did that was because in order to get that bill out of committee and the-- we've talked about this, I think, at one of the other hearings-- is that Senator Flood said the only way he would vote for that, as I understand it, was to say that if those funds, instead of going to the CCCFF, would go to the Nebraska Arts Council. And the concern the League had then and now is that it would only be limited to first-class cities and only with \$1.5 million grants. And the reason why I gave you that handout is just to show that there's such a great need all across the state, and the Nebraska Arts Council will do a great job in making the determination. So they still get the money from LB39. It does not go into the CCCFF.

BOSTAR: And we're going to hear from the Nebraska Arts Council on this--

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LYNN REX: I'm sorry?

BOSTAR: We're going to hear from the Nebraska Arts Council on this bill?

LYNN REX: Yes, sir. You are. Yes. Yes.

BOSTAR: Thank you very much.

LYNN REX: And we appreciated his willingness to negotiate with us and, and make it workable because it really makes it workable. And I think it, it basically also is in the spirit with which Senator Flood intended it, which is to have a workable process.

BOSTAR: Thank you.

LYNN REX: Thank you.

LINEHAN: Thank you, Senator Bostar. Are there any other questions from the committee? Seeing none. Thank you very much.

LYNN REX: Thank you so very much. Appreciate it.

LINEHAN: Thank you. Other proponents? Good afternoon.

MIKE MARKEY: Good afternoon, Chairperson Linehan and members of the committee. My name is Mike Markey, M-i-k-e M-a-r-k-e-y. As of 3:30 yesterday afternoon, I am the executive director of the Arts Council of Nebraska. Thank you for the opportunity to talk to you today and to speak in support of this bill and this amendment. I wanted to thank Senator McDonnell for including us in this, as well as Lynn Rex for her partnering with us on this effort. I just wanted to speak with you very briefly about the importance of the language of this bill and what it's going to mean for the 32 communities currently going through the Nebraska Creative Districts program. These funds will help them create the, the projects and the, the developments in their communities that will help utilize the arts and culture and heritage of their communities in order to be able to use these as an economic driver that will push their communities forward. We think that these-- this language would be-- make these funds more equitable, more effective, and will speed up that economic development for these communities that need it so much. With that, I'll be happy to answer any questions you may have.

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LINEHAN: Thank you very much, Mr. Markey. Are there any questions from the committee? Senator Kauth.

KAUTH: Thank you, Chair Linehan. Can you explain to me-- very new senator here. So explain how the Nebraska Arts Council is involved with the sports arena and the convention center and kind of what that process looks like.

MIKE MARKEY: Well, specifically with this, through the, the efforts of Senator Flood, who put together the bill that would set aside some funds for the Nebraska Arts Council, to utilize those funds specifically for the creative districts. So it's sort of a branching off of that effort to create more culture in the communities, but it's specifically for our purposes with the Creative Districts program.

KAUTH: So, so-- but the sports arenas and this, this turnback tax feeds money into--

MIKE MARKEY: Yes.

KAUTH: --the Arts Council?

MIKE MARKEY: Yes. As Lynn-- and I should always follow Lynn Rex. She does such a great job at explaining everything. But as she explained, that, that 70-30 split that Senator Flood set up that would set some side-- money aside for the Nebraska Arts Council and the Creative Districts program.

KAUTH: And then that feeds into the creative districts. OK. OK. Thank you.

LINEHAN: Thank you, Senator Kauth. Are there other questions from the committee? Senator Bostar.

BOSTAR: Thank you, Chair Linehan. Thank you, sir, for being here. And I apologize. I didn't-- I haven't had a lot of time with this amendment. Can you just sort of go through this and explain the purpose of the, the myriad changes to the Creative District language?

MIKE MARKEY: Well, there are a couple of important ones. One is that the original language of LB39 was set up so that those grants could only be handed out in the amounts of \$1.5 million at a time. And I believe the projections, the current projections for that fund are that there will only be \$500,000 over the next four years. So that \$1.5 million just isn't a really sustainable amount. So this will make

it possible for us to hand out grants at a much more reasonable amount that will be more effective for the communities. The other was speaking to the fact that, currently, only first-class cities are available for the funds and that this will make it possible for any size city. And quite honestly, a lot of the smaller communities are the ones doing really dynamic things with their creative districts. And we'd really like to see the funds get to those folks as well.

BOSTAR: So, you know-- and I'll, I'll have to go back and pull my notes from-- I don't remember if it was last year or two years ago when we did this, because I remember we had a hearing on the amendment, which is being changed now. I seem to recall, though, that we had a discussion around the purpose for the \$1.5 million threshold and, in a sense, that it was that, that research had demonstrated that you needed to sort of reach a certain level of investment in order to reap the rewards that could be obtained through a program like this. And I guess my concern would be that, you know, if, if we start-- if we change this-- and I understand that there's certainly a lack of funding to make \$1.5 million grants a regular occurrence. But, you know, if the-- if what our evidence on these creative districts exists in other places shows us is that perhaps a \$100,000 grant simply won't have the return we're looking for, then perhaps a, a more infrequently utilized but larger grant is actually the better way to go. And, and again, I know that there a lot of material that we went through to, to initially come up with this framework as a committee. And I suppose I just-- I'm going to want to make sure that I'm not just relying on my faulty memory, but that we're not going to undo work that we had already done. And as far as the community size, I tend to believe too that there was some indication on that, that there was, there was a reason behind it. And, and again, a lot of bills and a lot of amendments and a lot of statutes have, have come in front of me between then and now. But I would just-- I know personally, as one of the members of the committee, I will be very cautious about how I approach the edits to the creative district statutes. And if there is information that you all can provide to support these changes, I would obviously be happy to review that as well.

MIKE MARKEY: And Senator, I was just going to respond that I, I don't know the history, the intimate history of either bills, but I would be very happy to find out and provide you that information so that it's understood well why we would need the edits.

BOSTAR: Thank you.

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MIKE MARKEY: You bet.

LINEHAN: Thank you, Senator Bostar. Are there any other questions from the committee? Seeing none. Thank you very much for being here. Appreciate it.

MIKE MARKEY: Thank you.

LINEHAN: Are there other proponents? Are there any other proponents? Are there any opponents? Did anyone want to testify in the neutral position? Do we have letters?

CHARLES HAMILTON: No letters.

LINEHAN: No letters. Senator McDonnell, would you like to close?

McDONNELL: Thank you, Senator Linehan. I'd like to congratulate Mr. Markey on his first 24 hours on the job of coming here to testify, trying to answer some of the questions. As was discussed, LB622-- LB621, which is in banking. And I'll get-- Senator Albrecht, I'll get you that fiscal note. Going back to Senator Linehan's question with the idea of the city of Omaha, I think that's a fair question. Is the city of Omaha going to be a true partner in this? And, and are they going to commit financially? And, you know, we can follow up on that because as I feel, I feel the state of Nebraska should always be the last dollar in. If it's a private-public partnership with a county, a city, I think we should be the last dollar in. Senator von Gillern, I'm trying to-- we discussed this a little bit, and I probably should have brought it up. We did discuss it in banking, though. So Creighton University-- it's not that Creighton doesn't want to be a good partner. It's just the idea of the, the scheduling. If you look at what Union Soccer is trying to do and-- being a professional team versus the money they would have to put into Creighton's collegiate stadium. And then the idea on top of that is, is just the scheduling and looking at potentially having a women's professional soccer team-- and then all the outreach they want to do. So right now, the problems they have with, with sharing the stadium, the baseball stadium, they would still have those problems with Creighton University. And the idea of growing and, again, trying to promote soccer, which is-- it's, it's very popular amongst younger people-- and all the events that would be-- it just doesn't work out with Creighton University. Not that Creighton isn't trying to be a good partner with Union Soccer, but that's how it, that's how it ended up, why we needed a new stadium. Looking at the 450 jobs, I can get you that, that economic

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impact report and make sure you got that in detail. Looking at Senator Bostar, one of your questions was the idea that the 20 years is the 600 yards. It is. And is it going to be a-- have a conflict with CHI? No, but we'll get you more information on that. Again, this started off with the idea of how can we help this, this professional, our professional team, soccer team in the state of Nebraska. And, and for me-- again, it's not so much about the sport, even though it's a very popular sport and growing and, and-- it's the economic impact. It's the idea of we want to retain and recruit people to the state of Nebraska. And this is one way we, we do that. And I think it's a, it's an investment. It's a partnership, private-public partnership. And I think it can actually help us be more successful as a state and, again, retain and recruit younger people.

LINEHAN: Thank you, Senator McDonnell. Are there questions from the committee? I have a request because we're-- between turnback taxes and TIF projects and non-TIF. Could you work with the other groups, the city of Omaha, the Chamber, and get us a map of where this, this is versus where the convention center is? And we had the bill for 200 feet from the convention center. And I'm-- I just don't spend enough time in that area to understand where the Builder's District is versus the Millworks and everything that's going on. I would think the committee would like, one, a map and a full kind of-- maybe it's the Chamber. Somebody needs to give us a bigger brief on everything that's going on in that area.

McDONNELL: I'm confident we could have a map by tomorrow.

LINEHAN: Thank you. Good luck. OK. Any other questions? I don't know that we need it by tomorrow, but I think we need one before we--

McDONNELL: No, we will. We will work on it as soon as possible. And our goal is tomorrow.

LINEHAN: OK. Senator Bostar, do you have a question?

BOSTAR: Yes.

LINEHAN: Go ahead. Sorry. I'm sorry.

BOSTAR: Thank you, Chair Linehan. Thank you, Senator McDonnell. How critical is the creative district language in the amendment to the success of your legislation?

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McDONNELL: Well, I think-- I don't want to say that a part of it is going to be more helpful than another part, but I think it's, it's, it's a major part.

BOSTAR: Thank you.

LINEHAN: Thank you, Senator Bostar. Are there any other questions from the committee? Seeing none. Thank you.

McDONNELL: Also, just in closing, how supportive I am of this team, I am willing to-- their mascot is an owl. I'm willing to dress up as the mascot, have the Revenue Committee come to the soccer game and promote the-- our, our professional soccer team in the state of Nebraska.

LINEHAN: Thank you, Senator McDonnell.

McDONNELL: Thank you.

LINEHAN: I'm going to turn the hearing over to Senator von Gillern. OK. Somebody is playing with the chairs. That one is like-- I can't, you know?

von GILLERN: Is that chair better?

LINEHAN: Sorry, it's not your--

von GILLERN: We'll open testimony on LB692. Welcome, Senator Linehan.

LINEHAN: Thank you, Vice Chairman von Gillern and thank you, Revenue Committee. This afternoon, I'm introducing LB692 as well as AM727, which is a white copy amendment that replaces the bill. I hope-- do we have a white copy amendment? I need to [INAUDIBLE]. OK. But we don't have that. That's OK. Yes. I'm sorry. As you all know, I've had a long three days. I just want to let von Gillern finish the day off.
[LAUGHTER]

von GILLERN: Or we can welcome you back up.

LINEHAN: Yes.

von GILLERN: Take your time.

LINEHAN: OK. This afternoon, I'm introducing LB692 as well as AM727, which is a white copy amendment that replaces the bill. I hope you will be as interested to learn about the opportunities for economic development and destination tourism created by this proposal as I was

when I agreed to introduce the bill. Over the last two months of public hearings, this committee has discussed dozens of ways to cut taxes of all shapes and sizes, but we have spent little time talking about how to grow our sales tax base so that we can sustain meaningful income and property tax reforms well beyond, well beyond the time of any of us are still here. We see headlines and read reports that tell us, in order to grow our tax base and recruit young families and talented young professionals to our state, quality of life amenities matter. LB692 is a bill to do both things: bring new sales tax revenue to our state through increased destination tourism, including out-of-state state visitors and new-to-market retail and provide the amenities and options for shopping, dining, youth sports, entertainment that Nebraskans across the state want to see in their own communities, and frankly, are currently traveling to other cities to enjoy. The legislation before you today can be a game changer for Nebraska as it relates to our image and our ability not only to protect our tax base but to strengthen it. Destination tourism, entertainment, retail experiences can help drive Nebraska's economy in the future. Three key reasons I believe it is critical we pass this bill this year: one, to continue to make investments in education, cut property and income taxes and strengthen Nebraska's economy, we must grow and strengthen the sales tax base. Our state has a population crisis. We need to address quality of life issues in Nebraska. It is no secret the Chambers of Commerce and NEDA have been telling this for years. There are many factors involved in retention and recruitment. When we try to recruit high-paying jobs into the state, the availability of amenities for families to stay here or move here includes retail, sports, music venues and other attractions. The best kind of revenue comes from people who don't live in Nebraska. After me, you will hear about a project that is strategically located between Lincoln and Omaha, has a significant track record of success and is now ready to become a hub of tourism, entertainment and retail. One key factor in this project is its ability to draw visitors from outside of Nebraska who will spend their money, fill our hotels and support other venues while they are here visiting. Specific to that project, let me share some facts that are important to the discussion today. Before Nebraska Crossing, sales tax collected from that area, from that area because of the old outlet mall was \$275,000. You should jot that down: \$275,000. Today and over the last 10 years, it is creating \$8.4 million annually in sales taxes and \$2.1 million in local real estate taxes annually. Thirty percent of Nebraska Crossing sales come from out of state and cover a five-state region. To give you an idea about what this bill could lead to in terms of impact, let

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me use the Legends development in Kansas City as an example, which I now know that I think I'm the only one on the Revenue Committee who hasn't been there. Twenty years ago, the project was 1,600 acres of farmland. And today, this unique destination retail and entertainment area is over 400 million square feet of commercial space and \$2 billion in retail sales to the Kansas economy each year. The state legislature in Kansas just renewed the incentives for the area for another 30 years because of its success. The return on investment is enormous for them, and there are a lot of Nebraskans, as you all know, spending money there each year. To get there, here's what LB692 and AM727 do. One, the bill sets standards for the type of major investment and transformational projects with the feasibility to provide a return on investment for Nebraska. Only those projects deemed Good Life projects are eligible for the program. AM727 allows for the creation of Good Life districts based on these significant investment, job creation, economic impact metrics. And then to support such transformational developments, the state sales tax rate in such districts will be set at 2.75 percent for 25 years. Simply put, LB692 is an opportunity for Nebraska communities, developers and policymakers to bring new dollars to the state and local economies by growing tourism and retail, sports complexes, music, entertainment venues, new-to-market retail and dining. I want to emphasize the white copy amendment does not change significantly the vision or parameters for the-- of the program outlined in LB692 as introduced. Instead of relying on a turnback state sales tax, the proposal would provide for a reduction in the state sales tax rate within the good life district area and the fiscal impact to the state would remain the same. I am not going to [INAUDIBLE] to explain that, but there will be people behind me. Just to make one final comment related to the fiscal note that was filed yesterday afternoon on LB692: first, another fiscal note revision will be needed if this bill is voted out of committee, which we're used to that, because of the white copy amendment, AM727. Secondly, the Fiscal Office included a technical note at the top of page 2 that suggests LB692 is in violation of the Streamlined Sales and Use Tax Agreement. I think due diligence to explore this issue is important. Like all things, a lot can be left to interpretation. I plan to reach out to the Legislative Fiscal Office and the Department of Revenue and PRO to investigate further. It just so happens that Senator Bostar and I are on Nebraska's board-- two-board delegates to the Streamlined Sales Tax Governing Board. So if anyone can track this down-- down the answer, I hope I'm on that list. I want to end by saying the bill is prior-- priority for me. I want to see Nebraska make strategic and innovative policy decisions to strengthen our sales

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tax base and support recruiting and keeping families and young professionals in our state. LB692 will do that. And with that, I would be happy to try and answer any questions you may have.

von GILLERN: Any questions from the committee? Senator Kauth.

KAUTH: Thank you, Vice Chair von Gillern. So the sales tax will be reduced to 2.75 percent for 25 years. Does the property tax change?

LINEHAN: No-- I, I don't know. That's better for the people who are right behind me. The property tax won't change, but I'm not sure if some of it would be tipped.

KAUTH: OK.

LINEHAN: I-- we-- that I think is probably up to Sarpy County.

KAUTH: OK. Thank you.

LINEHAN: I do know one-- go ahead.

von GILLERN: No, go ahead.

LINEHAN: Retail is not qualified for Imagine. So that's one significantly different thing than, say, a bank.

von GILLERN: I just had a quick question. Do you happen to know what the incentive was for the Legends Project? Was it similar?

LINEHAN: I think they just didn't-- they kept all the sales tax, but I'm not sure. Somebody behind me will--

von GILLERN: OK.

LINEHAN: --it-- and then part of-- and I've discussed this with some of you. We can have nothing and get nothing because we're not going to see sales tax if there's nothing there or you can do this and get a significant amount. And-- I don't know how many-- I mean, I know that people leave Nebraska, go to Chicago, go to Kansas City, go to Denver to shop. Let's-- there's just no doubt about it. I happen to go to Virginia because I have family in Virginia, so.

von GILLERN: Any other questions?

ALBRECHT: Can, can I just--

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von GILLERN: Yes, Senator Albrecht.

ALBRECHT: Thank you, Vice Chair von Gillern. OK. So you're saying that they're gonna lower the sales tax. But on this particular page of the fiscal note, it says, it appears that 50 percent of the 5.5 sales tax would remain in a new cash fund.

LINEHAN: I'm going to-- I think that all got-- we have to massage a lot of it, so I'm going to let the people behind me speak to it.

ALBRECHT: Very good.

LINEHAN: And-- this is where my head is right now. I know on a project that has this much potential, we have to find out a way to do it. I don't know if you knew you were on that committee with me, but you are, so that would be one thing. But I think that Kansas is also part of that. So if they're doing it in Kansas-- I don't quite understand, but I don't know. But we will figure that out.

ALBRECHT: OK. Well, I'm confident with Senator Bostar on the committee with you that you shouldn't have any trouble figuring it out. Thank you.

LINEHAN: Thank you very much.

BOSTAR: I don't know how to take that.

von GILLERN: Take it as a, take it as a compliment. Thank you, Senator Linehan.

LINEHAN: Thank you.

von GILLERN: Welcome up the first proponent.

ROD YATES: Thank you, Mr. Vice Chair.

von GILLERN: Good afternoon.

ROD YATES: Members of the Revenue Committee, my name is Rod Yates, spelled R-o-d Y-a-t-e-s. I'm the founder of JUSTDATA, a fintech company based in Gretna, Nebraska. I'm also the owner/operator of Nebraska Crossing, located at-- in Gretna at I-80 and Highway 31. I'm here today testifying in support of LB692. I'd also like to thank again, Chairwoman Linehan, for bringing forth this super important and high impactful legislation. I graduated from the University of

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Nebraska in 1985. I built my first shopping center in 1997. I dedicated 100 percent of my career to the shopping center industry, to the retail industry. It's a fascinating industry where there's a lot of rewards for great work and, and I really want to continue doing the great work in Nebraska like we've done at Nebraska Crossings. We bought Nebraska Crossing 12 years ago with the goal to remake the shopping center industry into a fintech ecosystem and really fix all the blind spots that landlords have in owning and operating a shopping center. We have been massively successful. We have taken a distressed and broken shopping center doing 5\$ million in annual sales, paying about \$75,000 a year in property tax. And in 2020, we surpassed \$1 billion in sales and now we pay over \$2 million a year in property tax. I believe we are still in the third inning of the potential, and the next five years I believe will be transfer-- transformational for Gretna and the intersection of I-80 and Highway 31. I have 100 percent confidence given our longevity and industry relationships. Our vision for the Good Life Transformational Project is to assemble a thousand acres 360 degrees around Nebraska Crossing and build the first commercial fintech ecosystem in the country. We will immediately start securing income-- start securing iconic new-to-market retail, entertainment and sports venues, including a youth sports academy, hotels and fintech office campus headed by our company, JUSTDATA. We think we, we can bring in over 2,000 high-paying fintech jobs into the near future. We have partnered with the Raikes School at UNL to help us achieve that goal. One of the reasons we have such a high level of confidence, as Senator Linehan pointed out, is the success we had because of the Legends Project down in Kansas City. Through the use of STAR Bonds, we use-- were able to take 1,600 acres of farmland and create a unique destination which draws over 15 million annual visitors and drives over \$2 billion in annual sales. Brands on our radar are like Homefield Sports Academy, Hard Rock Hotel, IKEA, Our House, Crate & Barrel, Restoration Hardware and Lego, just to name a few of the brands that, that are on our radar. Youth sports is a \$25 billion industry; and today, Nebraska really gets zero of that income from that industry. We'd really like to change that. Our, our pledge to the project is to assemble 1,000 acres around Nebraska Crossing, merchandise the development with new-to-market retail entertainment venues that will drive over \$1 billion in annual sales to the, to the district and over 15 million annual visitors. We'll become one of the top tourist destinations in Nebraska and a massive revenue generator for the state of Nebraska, for the city of Gretna in Sarpy County. We love to execute private-public partnerships. Thank you for this opportunity and I'd be happy to take any questions.

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von GILLERN: Thank you, Mr. Yates. Any questions from the committee? Yes, Senator Dungan.

DUNGAN: Thank you, Vice Chair von Gillern and thank you, Mr. Yates, for being here. First of all, I love the Gretna outlets. I stop there on a regular basis--

ROD YATES: Thank you.

DUNGAN: --so thank you for doing that.

ROD YATES: You're welcome.

DUNGAN: It's like Vala's. We're all just going to say we've been there.

ROD YATES: Yeti opens tomorrow, so we'd love to have you back out.

DUNGAN: Second of all, if we could get an IKEA, that would be fantastic. My office upstairs needs furniture. Third of all, I noticed that-- and this is a question I just don't understand. One of the components for the eligible projects is the 20 percent of sales that have to be made to non-Nebraska residents, and I think Senator Linehan mentioned that. How is that measured by an entity like yours?

ROD YATES: That, that's a great question. So we, we built a lot of financial technology around Nebraska Crossing and that was part of the remake. And, and if you're going to compete against Amazon and all the great online retail out there and you want to survive as brick and mortar, we felt like we had to remake the industry, so we did that through financial technology through our app. So what we're able to see is where the shoppers come from through their app and we're able to track that. We see about 30 percent of our business from outside of the state of Nebraska. This primarily comes from the I-29 corridor, from Sioux Falls down to Kansas City and then from Des Moines all the way across the state, state of Nebraska.

DUNGAN: Thank you.

ROD YATES: You bet. Great question.

von GILLERN: Other questions from the committee? Yes, Senator Bostar.

von GILLERN: Thank you, Senator von Gillern. And thank you, Mr. Yates.

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ROD YATES: Thank you.

von GILLERN: We had a conversation yesterday that there was a-- a lot of it was valuable. But there's one component of it that I would, I would like to sort of capture for the record and for the rest of the committee.

ROD YATES: Please.

von GILLERN: And so when is the projected break-even point as it relates to the revenues of the state?

ROD YATES: Yeah. Through this shared revenue-- it's in year four. So around 2026, 2027, would be the time frame we'd break even--

von GILLERN: Excellent.

ROD YATES: --on the investment by the state.

von GILLERN: Thank you very much.

ROD YATES: You bet.

von GILLERN: Any other questions? Senator Albrecht.

ALBRECHT: Thank you. And I'm sure that you can answer a few of these. I know we have an amendment here that we haven't been able to look at, but can you speak to-- you're here before us. So I know the sales tax is what we're talking about, but are there any other aspects with the economic development or anything else that you've been visiting with other people to help with this project?

ROD YATES: Yes. We, we have a long relationship with the city of Gretna. They've been a great partner of ours and I know the Mayor Evans-- Mayor Evans is going to testify today and there'll be some things he'll be able to help us with, some other incentives like TIF and-- but yeah, we've, we've really worked primarily with the city on a project like this and worked closely with them.

ALBRECHT: Um-hum. So if we're going to lower the sales tax, can you answer to what I was asking Senator Linehan about the-- that fiscal note? I know she says we need to try to massage it up a little bit, but where is the other portion of the sales tax that you would normally receive? Where would that be going?

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ROD YATES: That--

ALBRECHT: It says that it appears that 50 percent of the 5.5 percent sales tax would remain in a new cash fund. Do you know what that's about?

ROD YATES: Yeah, I'm not familiar with the cash fund, Senator. Sorry about that. I'd be happy to get back to you on that, though.

ALBRECHT: And how about the Department of Economic Development? Are they able to help in any way?

ROD YATES: We've, we've had some preliminary discussions with Mr. Tony Goins, and those are ongoing. And as we kind of work through the process, we'll, we'll have more meaningful discussions with, with Mr., Mr. Goins.

ALBRECHT: One last question. Great Wolf Lodge. Any, any interest in that?

ROD YATES: I think we, I think we have some options better than Great Wolf Lodge that I think Nebraskans would be very proud of.

ALBRECHT: Actually, this is pretty exciting because Nebraska doesn't really have a whole lot of tourism, so projects like this that have already been proven in other areas are kind of exciting.

ROD YATES: Yeah, I, I actually think-- I-- Legends was one of my projects 20 years ago in, in 2000. We opened it in 2006, the, the grand opening part of the retail there. And I think we can do bigger and better than we did down there because we got a better starting point. Nebraska-- we're surrounded at that intersection by great demographics and great shoppers, so I, I think we can deliver a bigger platform, better platform and, and better unique retail than we were able to attract at Legends. I really believe that.

ALBRECHT: Thanks for coming back to Nebraska.

ROD YATES: You bet. Happy to be here. And then if I could just address the STAR Bonds real quick, Mr. Vice Chair. You had thrown a question out there on how STAR Bonds work. So I worked on that legislation with the mayor of Kansas City, Kansas. And what we did on that legislation with STAR Bonds is they gave us 100 percent of the state sales tax for 30 years and we're able to use that to attract a lot of development and unique users into the, into the trade area.

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von GILLERN: Very good. Thank you. Another question, Senator Bostar?

von: Thank you, Senator von Gillern. And thank you again, Mr. Yates. I want to just-- through questions, I want to try to clear up, maybe, some details about, I think, the legislation and how it works. So the-- it's hard to figure out how to do this with questions.

ROD YATES: I'll do my best.

von: The, the-- this legislation has gone through a few iterations. Is that correct?

ROD YATES: Correct.

von: And so, the-- what I imagine then, is that the fiscal note, which is talking about cash funds, doesn't apply anymore and that the white copy amendment, because it's now a tax deduction and not a turnback tax, there isn't a, there isn't a revenue that's being siphoned off that's being collected. This is simply a reduction in the sales tax rate. So a lot of those technical aspects that are found within the fiscal note that are based on the green copy of the bill aren't necessarily applicable to the intent of the legislation represented in the white copy amendment. Would you agree with that?

ROD YATES: Yes.

von GILLERN: Thank you.

ROD YATES: Yes.

von GILLERN: And, and I just have one final question. And Senator Linehan did a good job of pointing out-- and we always, in this committee, we often talk about the but-for statement. And but for this project, there will be no additional sales tax revenue generated. But that also-- it always comes back to the other question, but for this legislation, would this project move forward in any way? I think that's always, always a fair question.

ROD YATES: Yeah. No, it could not. And, and I-- honestly, I'm concerned about that because, you know, what's probably going to happen at that intersection-- and it's, it's really, in my opinion, I think other people as well, it's really-- could be the front door to Nebraska if we do it right and we do it very uniquely. What I'm concerned, if we don't get legislation, we're going to see a lot of industrial. We're going to see a lot of truck stops. I think this is

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really a phenomenal way to really protect that intersection that's important to the state of Nebraska between Lincoln and Omaha, and these incentives will allow us to attract just phenomenal, unique retail and entertainment destinations.

von GILLERN: OK. Thank you. Thank you for your testimony. Seeing no other questions. Thank you for being here.

ROD YATES: Thank you.

von GILLERN: Next proponent.

SCOTT MULLER: Mr. Vice Chair, members of the Revenue Committee, my name is Scott Muller, spelled S-c-o-t-t M-u-l-l-e-r. I'm with Verdad. I've worked in the real estate industry as a national-- on a national basis for the last 30 years, representing some of the top retailers in the country on opening new stores and new markets. Brands similar to Restoration Hardware, West Elm, Our House, Crate & Barrel, IKEA, etcetera, that Rod had mentioned counted on our leadership to be part of the right project. Nebraska has been a target market. I'm here today to testify in support of LB692. I'd like to thank Chairwoman Linehan for bringing forth this important legislation. These tenants focus on destination retail with new-to-market retail that will draw from the entire state. They like big mixed-use projects with retail, entertainment, sports venues, residential and hospitality. A project like Legends in Kansas City could be an aspirational project for LB692. Our pledge to the project is, if we can get the bill passed, it is-- we will play a major role in helping Nebraska Crossing merchandise the development and bring in new-to-market retail. I am very comfortable in saying the intersection of I-80 and Highway 31 in Gretna is the right, right location for these brands. Thank you for allowing me this opportunity today, and I'm happy to try to answer any questions.

von GILLERN: Thank you, Mr. Muller. Any questions from the committee? Yes, Senator Kauth.

KAUTH: Thank you, Vice Chair von Gillern. So you said that Nebraska has been a target. Are there any other locations in Nebraska that you've looked at?

SCOTT MULLER: Well, I've been doing this a long time. So, yes, I've looked at the entire market for, for a long time. And I would tell you the trend, typically, for the specialty retailers was to focus

exclusively on Omaha. And then, I can't think of too many brands and none of them that I've ever represented that ended up doing a second location in Lincoln. I think, just fundamentally, the reason I like Gretna and I-- why I think Rod and his team have a really good story here is that it's really a-- I'd-- if I back up. I also think that, based on history and doing our homework in this market, a lot of the retailers in Omaha, sales volumes are mediocre. They're, they're OK. They're good. They're fine. They're not amazing and they won't support a second store in the market. So to me, the idea is that Nebraska really should be a single store market positioned in the best location to best service that market. To me, putting that in Gretna where both Lincoln and Omaha can both get to that market, as well as-- if we bring this one-of-a-kind retail to the market, they're going to pull from a very large region. And, and that's why I really have bought into the vision that Rod has for, for Nebraska Crossing and why I think it has a lot of merit.

KAUTH: Thank you.

SCOTT MULLER: Sure.

von GILLERN: Any other questions? I just have one quick question. For the stores, the types of retail stores that you mentioned, what would the typical MSA that those stores would be looking for?

SCOTT MULLER: That runs across the board. I would tell you, one of the brands I represented for a lot of years for their rollout across the United States-- if you're familiar with a fast casual restaurant by the name of Shake Shack, they focused exclusively on the top 30 MSAs. And so-- and the last time I looked, I think the Omaha MSA is more in the 56, 50 range, so it never really hit the radar screen, per se. So I think Nebraska is looked at as a can-do location, but not a must-do location. And so the stronger we can make a destination location where it's a super big draw, the much better opportunity we're going to have to land these brands.

von GILLERN: Thank you. And one question my wife would want me to ask: I didn't hear you mention Nordstroms.

SCOTT MULLER: Well, along with the good bit of this list, I can promise you that without the incentives, there will never be a conversation. I, I don't know where that really goes.

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von GILLERN: All right. Thank you. Any other questions? Seeing none. Thank you for being here today.

SCOTT MULLER: Sure. Thank you.

von GILLERN: Next proponent. Good afternoon.

ROBB HEINEMAN: Hello, Mr. Vice Chair, members of Revenue Committee. My name is Robb Heineman, R-o-b-b, thank you, mom, for that, H-e-i-n-e-m-a-n. I am the founder of Homefield Sports in Kansas City. I'm a co-owner and former CEO of Sporting Kansas City and I'm a managing partner of 635 Holdings, which develops large-scale, sports-anchored projects all over the country. I hear the data speak, obviously, in support of this. I want to thank Chairwoman Linehan for bringing forward what I think is really important legislation. I'll probably talk to you a lot about this in the context of the Legends Project that has been aforementioned. I've been involved in about \$800 million of development at the Legends, including a soccer stadium, a training facility for U.S. Soccer, both of which I think helped bring the World Cup to Kansas City, as well as the redevelopment of the Schlitterbahn Water Park right now, where we have about \$400 million of mixed-use projects under work-- under way. All of these leveraged STAR Bonds. So STAR Bonds were a huge part of everything we've done. We've been fortunate to be the recipient of about \$450 million worth of STAR Bonds over time, and they've been a catalyst that, you know, has, has really jump-started and transformed our ability to recruit to the area. Again, specifically at the Legends, you know, we have a baseball field-- we have eight baseball fields we're developing. We have ten soccer fields that have been developed. We're building a 200,000-square foot indoor facility for soccer, volleyball and performance training. These amenities will develop about 100,000 room nights a year, bring, you know, approximately a million and a half visitors a year to the area. Because of that, we were able to land a 300-room Margaritaville Resort that we're building at this location, right across the street from Great Wolf Lodge. And when I look at Omaha, it's, it's a market that, again, as Sporting Kansas City, it's definitely an area that we want to grow the game into this region. There's a ton of great soccer players up in this area. We actually have branding relationships with a couple of clubs in the area as well. And it's, it's just a spot that's completely underserved from a facility standpoint. And, you know, when we bought the Wizards back in 2006, that's the previous name of Sporting, we did a study. And at that point, it said that we had a 250-field deficit in Kansas City for soccer just based on the number of kids that participate. Since that

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time, we've built about 70 fields. So, you know, I think Omaha doesn't have even a portion of that, and you have a huge population of kids playing. So, you know, I think we would have a great, strong interest coming up here and probably doing somewhere between, you know, 10 and 12 fields. I think we would do something similar on the baseball side, probably a 10-12 field baseball complex. I think we'd try to use that to leverage the College World Series platform to build a lot of showcase activity for kids. There's no reason that you couldn't get kids to come from all over the country for a couple-week showcase up here while they have all the best, you know, kind of college scouts in the market. So, you know, I think we just look at this as a, as a huge opportunity. And this legislation. I'm telling you, it can be transformative around how these projects go and what they do over time. Like I said, I mean, you know, \$450 million of STAR Bonds have been invested kind of around our stuff. But just through that, I mean, it really brought the World Cup to Kansas City, which will create \$1 billion of economic activity over a, you know, kind of a 40-day period. So with that, I'll-- happy to answer any questions that you have around this, and I appreciate your time today.

von GILLERN: Thank you. Questions from the committee? Seeing none. Mr. Heineman, thank you for being here today.

ROBB HEINEMAN: All right. Thanks so much. Appreciate it.

von GILLERN: Yeah. Any other proponents?

MICHAEL EARL: Good afternoon.

von GILLERN: Good afternoon.

MICHAEL EARL: Mr. Vice Chairman, members of the Revenue Committee, my name is Mike Earl, M-i-c-h-a-e-l, Earl is E-a-r-l. I'm a partner at the Lund Company, a local management and brokerage development company based in Omaha. The Lund Company is a Cushman & Wakefield Alliance member. It's kind of like a franchisee, and it's an international real estate company that is predominant here in the United States. I'm here to testify in support of LB692. I'd like to thank the Chair-- Chairwoman Linehan for the-- sponsoring this legislation. The Lund Company is a markets-- and manages over 8 million square feet of office, multi-family, retail space in seven midwest states valued at over \$1 billion. I spent the last 34 years of my life in real estate specializing in investment sales, land assemblages throughout Nebraska, Kansas and Iowa. One of the most unique developments that

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you've heard of already is the Legends of Kansas City. I've always been fascinated with the scope and scale of that development. Its geo-- geographic reach is, is far beyond the Kansas City limits. It's a destination development like no other. LB692 is a legislative bill that can elevate Nebraska to the next level for development and tourism, but the development community across the state cannot come-- complete-- complete with these types of developments without state assistance. LB692 would provide that assistance. I'd like to go off script just a little bit and, and reiterate what Rod Yates said, is that this area I'd focused on within the last three years, I-80 and Highway 31. And as Rod did say, we've had an abundant interest in industrial and truck stops, C-stores have all been looking at this interchange. I really believe that the focus of what Rod has intended to do here is to create a great mixed-use development. With your help, we can get that done. Without anything else, I'll answer any questions that you may have.

von GILLERN: Thank you. Questions from the committee? Seeing none. Mr. Earl, thank you for being here.

MICHAEL EARL: All right. Thank you very much.

von GILLERN: Appreciate it. Good afternoon.

MIKE EVANS: Good afternoon, everyone.

von GILLERN: How are you?

MIKE EVANS: Yeah, great. Thank you. So, once again, Mr. Chair and members of the Revenue Committee, my name is Mike Evans, M-i-k-e E-v-a-n-s. I am the mayor of the city of Gretna, and I'm here to-- I'm honored to come here to testify in support of LB692 on behalf of the city of Gretna, the Gretna Chamber of Commerce, Grow Sarpy and Sarpy County Tourism. So-- and also thank you, Senator Linehan, for bringing this important legislation. I really appreciate it. Thank you. Few people remember the rundown, empty building along I-80. That just seemed-- like Rod said, it was 12 years ago. For years, this building sat vacant due to lack of vision, poor leadership and no support. Now Gretna is home to one of the most active, successful retail experiences in the Midwest. You know, Mr. Yates brought his energy, his expertise in developing and his passion for the state back to his state, back to Nebraska. Mr. Yates has been a great partner for Gretna. He has not only delivered to Gretna, but he has also delivered to the state significant increases in revenue that you heard about,

you know, attracted a lot of out-of-state visit-- visitors, created jobs and has delivered many outstanding national brands and hopefully a few more to come. But what I personally like about this is not only does it build on the success that we have already done, I believe this project is about image of our state and the special quality of life that we enjoy. The person involved-- you know, Rod is-- he's from Nebraska. We're not recruiting somebody from outside the state to come here. Rod's a Nebraskan. He is really committed to this project. And more importantly, he's committed to the state. He wears his Husker gear all across [INAUDIBLE] every day. So-- but, you know, number two is tax relief, specifically property tax. It is so important to everybody in Nebraska. We must find ways to strengthen our sales tax. You know, a world-renowned retailer like IKEA could really provide a lot of support like that, all the sales tax that they would create. I think we were in a meeting and half the people in our meeting said, oh, yeah, I'd go to IKEA. Well, like, let's keep them in the state. And I'd like to thank Mr. Muller. I know he had to catch a plane, but Mr. Muller is somebody that can deliver IKEA to our state, so I really appreciate his time here. Youth sports continues to see tremendous part-- participation, and it's no less important to Nebraskans than it, it is to the rest of the country. Anyone who has children or grandchildren understands the amount of dollars spent over multiple weekends, and a lot of those weekends are spent in Denver and Kansas City, Des Moines. And that money is spent on travel, hotels, shopping, food, going to facilities that we don't have in our state. We're losing a lot of, a lot of money-- it's estimated, you know, millions of dollars in this arena. And I wanted to personally thank Mr. Heineman for being here today. You're a world-renowned-- a renowned sports industry leader, but it also helps that you were just born up the street in Sioux Falls, so we like the Midwestern people here to be in our state. And thank you for considering Nebraska. I appreciate that. And then Gretna, Sarpy County-- specifically, Sarpy is the fastest growing county in the state, I believe, in part because we offer a strong sense of community, really good Nebraska values and excellent quality of life. But I feel a responsibility to do everything I can to provide our residents the quality life they expected when they moved there. I want to keep our children, our citizens and their grandchildren in our state. That includes not only providing venues and amenities so our quality of life can be what they expected, but also to keep their revenue and, and their tax dollars here. Lastly-- I'm sure Rod would agree. He would invite you to come down to visit Nebraska Crossing. I think you'll see a lot of young families. The parking lot is often full, mostly with-- 30 percent of

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those cars in there are from different states. The legislation is transformative, transformative. It will change Nebraska's image as a flyover state. It will impact Gretna's-- Nebraska's front door. If you go to the east, we're exposing you to the rest of the state. When you're coming from the west, welcome to the metro. I think we can be that bridge between the western and the metro and really provide some really neat amenities and kind of change the perception of, of the state. And lastly-- we're excited about this. We really are. Our council, everybody is really in support of this. There's no question. If we pass this bill, the Good Life will get better. With that, you know, I appreciate you guys' time. I know you have a, a real busy session, so everything-- thank you for everything you've done for the state. And also, I'll take any questions you might have.

von GILLERN: Thank you. Any questions from the committee? Seeing none. Mayor Evans, thank you for being here.

MIKE EVANS: Well, thank you all again.

von GILLERN: Any other proponents? Good afternoon.

JON CANNON: Good afternoon, Vice Chair von Gillern and distinguished members of the Revenue Committee, my name is Jon Cannon, J-o-n C-a-n-n-o-n. I'm the executive director of the Nebraska Association of County Officials, otherwise known as NACO, here to testify today in support of LB692. Thank you, Senator Linehan, for bringing this thoughtful piece of legislation forward. Certainly appreciate the fact that there is a provision in there for communities of different sizes. So it's not, not just Nebraska Crossing, although we like-- certainly like Nebraska Crossing. I went to REI just this last weekend. I was super delighted when, when we got an REI, actually, because ordinarily, I'd order stuff from, from them online and a lot of my money would go to Seattle and now some of it stays in Nebraska, so I'm pretty thrilled about that. So one of the things I'd like to address is the fact that-- and you've heard me say this before. In the last decennial census, 22 counties in Nebraska showed growth from 2010 to 2020. That means that 71 showed a loss. And frankly, economic development is, is the sort of thing that we need to provide a lifeline to our more rural communities, and the fact that we have different tiers of, of ability to have projects in the state certainly is right in line with that sort of thing. This is a great economic development tool. Certainly, I'd like to see, you know, some of the smaller-scale projects in places like Platte and Madison Counties, between Hall, Buffalo and Adams, between Lincoln and Keith, Dakota or

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Scotts Bluff, all the great places for, you know, folks that have a project of, of this nature. And so, again, I want to thank Senator Linehan for bringing this. We-- counties think this is a great idea, something that can have an impact all across the state. And with that, I'm happy to take any questions you may have.

von GILLERN: Thank you. Any questions from the committee? Seeing none. Mr. Cannon, thank you for being here.

JON CANNON: Thank you very much.

von GILLERN: Any other proponents? No more proponents? And with that, we'll open for opposing testimony. Any oppo-- opponents? Seeing none. Anyone like to testify in the neutral? Welcome back.

LYNN REX: Thank you. Thanks. Senator von Gillern, members of the committee, my name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. We're here today in a neutral capacity. We realize that there is a lot of work that's been put into this bill. We appreciate Senator Linehan introducing it. We know that there are issues on-- all kinds of issues in terms of how this can proceed, and we just appreciate the flexibility and what this could bring to the state of Nebraska. With that, I'm happy to answer any questions that you might have.

von GILLERN: Any questions from the committee? Yes, Senator Albrecht.

ALBRECHT: Actually, not a question. I'm surprised you're a neutral with the Mayor coming up and talking about this, but you might want to go see Mr. Heineman. Maybe he has a business card for the last bill we just had. Maybe there's a chance--

LYNN REX: I understand.

ALBRECHT: [INAUDIBLE].

LYNN REX: I do understand.

ALBRECHT: Thank you. Just a comment.

LYNN REX: I understand. Thank you very much.

ALBRECHT: You bet.

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von GILLERN: Do we have any questions? I got away with it earlier. Thank you, Ms. Rex, for being here.

LYNN REX: Thank you very much. Thank you.

ALBRECHT: Was that a question?

von GILLERN: Any other neutral testimony? Seeing none. Senator Linehan, would you like to close?

TOMAS WEEKLY: We did have letters.

von GILLERN: Letters?

TOMAS WEEKLY: We did have letters. One neutral letter.

von GILLERN: We have one letter in the neutral. Thank you.

LINEHAN: Thank you. Thank you for the opportunity to present LB692 and AM727. I want to take a moment in my closing to just review a few points. Sales tax incentives outlined in this bill would be available to anyone who can meet the thresholds: new jobs, essential development costs, feasibility studies and local commitment to the project. This bill is not about picking winners and losers. It was specifically designed to be used in communities from Scottsbluff to Omaha for projects of many sizes. We have already included feedback from smaller communities out west with interest and will continue with those conversations to make sure this bill is accessible statewide. These conversations are not new. Policymakers, developers, community advocates have been working on destination, entertainment, tourism and retail for years in Nebraska. The project you have heard about today is real. It can bring Omaha and Lincoln closer together and help all the communities in the region have wonderful things to offer by bringing new visitors and new dollars to those counties by stopping much of the retail leakage Nebraska currently loses to other states. This bill strengthens our tax base. Destination retail is a big business because it attracts tourists who spend money, who not only shop in one area but stay and take in other attractions such as Lincoln and Omaha zoos, golf courses across central and western Nebraska, signature events like the State Fair, NEBRASKALand Days and the College World Series. LB692 is about Nebraska's image. It's about strengthening our tax base. It's about quality of life. We must work together to address these key issues of Nebraska's image, of strengthening Nebraska's tax base and keeping families here instead of driving to places like Kansas City, Des Moines, Minneapolis, Denver

where they are, they are spending money, booking hotel nights and dining in their restaurants. That's why I want to-- when it comes to this bill and the idea that it's somehow picking winners, winners and losers, I don't see that-- this as a competition at all. What I do see is Nebraska can build on its reputation for supporting tourism, sports, becoming the best place in the nation to live, work, play and raise a family. I'm just going to stop for a moment because you all know, I think a-- Senator von Gillern probably drives through that intersection every day. Senator Kauth probably drives through there every day. You evidently go there and we all know this area. So it is, it is one of our biggest, I think, assets in the state already that is underutilized. We have the Schramm Park. If you just keep going down Highway 31, you get to Schramm Park and then you have-- I forget what it's called-- the, the thing that Joe Ricketts built. It was clearly [INAUDIBLE] Hoysters [SIC] on the Platte. Then you get to--

von GILLERN: I think it's Cloisters.

LINEHAN: --Louisville and there's another park. And across the river, which I just haven't been to very many times, but across the river of the Platte from Schramm is Twin-- not Twin Rivers-- Platte, Platte River State Park. And then, of course, we have right across the bridge, over the river, you have Mahoney. They should all be connected. And then we-- some of us-- well, maybe all of us aren't excited, but I'm very excited, and I know it will take years. But then if we stay on track, we're going to have a huge lake. As you come down, you go-- you come-- get on Interstate 31 and then you go down the hill. And if you look to the northwest, you can see the waters. It's covered by water like half the time. So it's not hard to understand why a lake can be there. Because the water level is so high, if you dig a hole, you have a lake. And we could have a huge lake or we can have a lot of little lakes. And bringing it back to this project, we can have a lot of gas stations and manufacturing and-- or we can have a beautiful new designation tourism connected to all our parks between Lincoln and Omaha that I can't-- I'm-- I am really, really excited about the possibilities of this because we do need to do something about our sales tax base and we need to do something about keeping people in Nebraska. And one way to get people in Nebraska is to get them to visit Nebraska. And I don't think we could have a better gateway to Nebraska than this project, which is already surrounded by-- some of those parks needed a dust up. I worked on that too, but we have a lot of potential. So thank you.

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von GILLERN: Questions from the committee? I just have one. The-- it's got an application cutoff date of 2024. Is there-- I mean, if it's good until 2024, is-- are there not-- is there consideration for extending beyond that point or is there--

LINEHAN: Well, we frequently in legislation put cutoff dates and you will-- that we extend on a regular basis. So I don't-- that could be part of our discussion when we Exec.

von GILLERN: OK. Just curious.

LINEHAN: Yep. No, that's a good question.

von GILLERN: Thank you. Thank you for your testimony.

LINEHAN: Thank you all very much.

von GILLERN: All right. We'll conclude testimony on LB692, and we'll open on LB429. Senator Walz.

WALZ: Hey, [INAUDIBLE].

von GILLERN: You got me. I'm sorry.

WALZ: That's fine.

von GILLERN: I'm going to ask Mayor otherwise, if you would promise to put no more stoplights up on time. Senator Walz, thank you. Welcome.

WALZ: Is that OK?

von GILLERN: There we go.

WALZ: Is it too loud?

von GILLERN: Check, check. We can hear you.

WALZ: Good afternoon, Vice Chair von Gillern and members of the Revenue Committee. My name is Lynne Walz, L-y-n-n-e W-a-l-z, and I represent District 15, which is made up of Dodge County and Valley. I am bringing LB429, which creates a TEEOSA trust fund for the unclaimed school property tax credits under the Nebraska Property Tax Incentive Act. As I understand the current law, school district property tax credits that remain unclaimed for more than three years revert back to the General Fund. As we all know, property taxes are used to fund local needs, primarily schools. When the Legislature created the

Property Tax Incentive Act, it was a way to offset the cost of our property tax payers, which I appreciate. However, at the end of the day, the reason that Nebraskans feel the brunt of property taxes is because the state is not properly funding the TEEOSA formula. LB429 establishes the Tax Equity and Educational Opportunity Support Act trust fund using the amount of credits that remain unclaimed under the Property Tax Incentive Act after the three years they wait before-- after the three years they wait before going back to the General Fund. I believe that the unclaimed credits should be directed to increased funding for TEEOSA to ensure that Property Tax Incentive Act also continues to provide further property tax relief. With that, I'd be happy to answer any questions. But I will tell you that OpenSky helped me draft this bill, so they are going to be able to answer questions much better than I am today.

von GILLERN: Thank you. Any questions from the committee? Seeing none. Thank you, Senator Walz.

WALZ: Thank you.

von GILLERN: Welcome, our first proponent.

JOEY ADLER RUANE: Afternoon, Vice Chair von Gillern and members of the Revenue Committee. My name is Joey Adler Ruane, J-o-e-y A-d-l-e-r R-u-a-n-e. And it feels like it's been weeks since I've been here. And I know it hasn't been, but it sure feels that way. I've missed you guys. And I'm the policy director of OpenSky Policy Institute. We're testifying in support of LB429 because we appreciate this bill as a dedicated funding source and helps target students who may need more resources to succeed in school. LB429 establishes the Tax Equity and Educational Opportunities Support Act trust fund using the amount of credits that remain unclaimed under the Nebraska Property Tax Incentive Act for the tax year completed three years prior from the General Fund. According to the World Herald article updated October 23, 2022, nearly \$200 million in property tax relief, or about one-quarter of the total, remain unclaimed. Currently, these unclaimed funds would revert to the General Fund after three years. We are supporting the creation of the TEEOSA trust fund so these funds will continue to provide school district property tax relief. While the state has required standards regarding academic content for reading, math, science and social studies and other subjects, it doesn't currently have any measures of the adequacy of funding, for example, to achieve national average outcomes or the equity of funding, acknowledging that some school districts are going to need additional

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dollars to meet those outcomes. We would encourage your Legislature to continue to invest time in exploring these measures and bring better data to the table on education finance to ensure the state is investing wisely and for the long term in a manner that centers children and their learning success. I'm happy to answer any questions.

von GILLERN: Thank you. Any questions from the committee? Yes, Senator Dungan?

DUNGAN: Thank you, Vice Chairman von Gillern, and thank you for being here. So to make sure I understand this-- because I'll admit, I'm trying to play catch up a little bit with this one. So this is money that the state of Nebraska is not necessarily losing at this point. We're just making sure that it gets more specifically funneled to a purpose rather than diverting back to the General Fund.

JOEY ADLER RUANE: Correct.

DUNGAN: And based on my reading of just this, again, briefly, so the Legislature would have control over how that trust fund is disbursed?

JOEY ADLER RUANE: Yes. All it does is just set this aside for TEEOSA, right? And so it's for property tax relief. Still in the same vein. That was our thought process behind it.

DUNGAN: OK. So it's still property tax relief but just intentionally funneled towards what it was originally intended for with that education aspect?

JOEY ADLER RUANE: Sure. Yeah. So like right now, the LB1107 fund exists. You look back three years, you take that money in this bill and you would put it into this trust fund for TEEOSA. And the whole point there is thinking that if it's not being claimed, we should find another way for property tax relief. And we thought this would be a good way to continue that.

DUNGAN: Are there-- is this modeled after any other state or anything or is this--

JOEY ADLER RUANE: This was just kind of an idea we had working with Senator Walz over the interim.

DUNGAN: Thank you.

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VON GILLERN: Yes, Senator Albrecht?

ALBRECHT: Thank you, Vice Chair von Gillern. Does TEEOSA currently have a trust fund or is this something new?

JOEY ADLER RUANE: This would be something new created. And obviously, we have the Governor's trust fund as well, right? So--

ALBRECHT: So would they be combined, do you think, or--

JOEY ADLER RUANE: That would be totally up to you guys.

ALBRECHT: So let me just ask you-- I mean, you were here when this started, that, that we were trying to give money back to the taxpayer.

JOEY ADLER RUANE: Yeah. Are you talking about the LB1107 fund?

ALBRECHT: Yes.

JOEY ADLER RUANE: Yeah.

ALBRECHT: The Nebraska Property Tax Incentive Act. So it's been going on for three years and I feel like there's a lot of money left because people don't even know that it's there.

JOEY ADLER RUANE: Yeah.

ALBRECHT: Right?

JOEY ADLER RUANE: Um-hum.

ALBRECHT: So I'm just kind of wondering why it has taken this long. Do you have any idea why or what we could do to make sure that people know it's out there for them? I mean, that's the whole point of giving--

JOEY ADLER RUANE: Yeah.

ALBRECHT: --tax relief to people.

JOEY ADLER RUANE: Yeah.

ALBRECHT: Do you agree that tax relief is a good thing for the constituents of Nebraska?

JOEY ADLER RUANE: I mean, very clearly, there is a lot of need for property tax relief. We hear it all the time, Ms. Walz. And I know you all do as well. So we agree that there is definitely some need for property tax relief in this state. Why it's taking so long for people to notice how this works, I wish I could have had a fix-all for you that was simple and easy. But I do think that the steps you all are taking with postcards and doing those things that have alerted taxpayers that these are available to them shows that education is still needed around that. And we've seen it increase, right? Slowly but surely the increase of usage. However, you know, I think that our thought process here was let's put it back into TEEOSA. If it's just going to go back into the General Fund, let's continue to make sure that it's some form of property tax relief.

ALBRECHT: So that's where we're taking it from. Yes. Thank you very much.

von GILLERN: Other questions? I had a quick question-- well, maybe not so quick. So the property tax relief happens regardless of where this money goes. I mean, it's-- or, the potential for property tax relief. If somebody files for it or not, it's there. So without, without LB429 being enacted, the money goes into the General Fund. So if it's now, if it's now being diverted from the General Fund in, into TEEOSA, it really is negatively impacting the General Fund and everything else that the General Fund pays for. It's really a way to funnel more taxes into-- or, more funds into school, into the school formula or the trust fund.

JOEY ADLER RUANE: Yeah. So it would create its own separate trust fund that's just leftover money from this credit that would be sitting there after the three-year look back.

von GILLERN: OK. But just as-- and I'm not picking a fight with this, so don't take this wrong. But just as we talked today about-- there was testimony today about the Opportunity Scholarship Act and about how every dollar that was taken away from the General Fund negatively impacted public schools. This is kind of the flip of that. This is any dollar that's going to public schools negatively impacts everything else that the General Fund pays for.

JOEY ADLER RUANE: I don't know that we see it the same, the same way. I understand the point that you're trying to make, but I don't think we--

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von GILLERN: I'm, I'm trying to make more of a mathematical point than a, than a philosophical point. I just want to make sure I understand that that's the case.

JOEY ADLER RUANE: I think that when this first started and-- I wasn't at OpenSky when the-- this first started, but I don't think that OpenSky was in favor of that particular manner of providing property tax relief. So I think, you know, this is the next best step, which is that if there's leftover funds, putting it into TEEOSA. So I would say that there is a maybe a difference on how that works, but I can find out for sure where we are at on that and get back to you.

von GILLERN: And then remind me-- and I can-- I recall at least one bill we-- I believe Senator Linehan brought one bill that was an additional notice to prompt taxpayers to, to--

JOEY ADLER RUANE: Yeah.

von GILLERN: --collect that and the property tax relief. And I can't remember if there's any others or not. Do you recall?

JOEY ADLER RUANE: I can't remember if there are any others, but I know like Senator Hansen has the bill that would help with the-- I think it's the pink card or whatever card that the county sent out that, that could help facilitate that process in education as well.

von GILLERN: OK, great. Thank you. Any other questions? Thank you, Mr. Adler Ruane. Thank you for being here.

JOEY ADLER RUANE: Thank you.

von GILLERN: Any other proponent testimony? Seeing none. Any opponent testimony? Seeing none. Any testimony in the neutral? Seeing none. Senator Walz waives closing. Thank you for being here today.

WALZ: Thank you.

von GILLERN: This was our hearing on LB429. We will open on LB505.

CHARLES HAMILTON: Letters. Letters.

von GILLERN: Thank you. You're so good at calling that out. We do have two proponent letters in the record. No opponent and no neutrals. Welcome, Senator Bostar.

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BOSTAR: Good afternoon, Senator von Gillern, fellow members of the Revenue Committee. For the record, my name is Eliot Bostar, E-l-i-o-t B-o-s-t-a-r, and I represent Legislative District 29. LB505 as drafted was legislation that would try to change the cost of motor vehicle registration for vehicles utilizing alternate fuels and establish an excise tax on electric energy used at commercial electric vehicle charging stations, establish regulations on commercial electric vehicle charging stations, and provide a sales tax exemption on electric energy when stored, used or consumed by a motor vehicle. So this, my understanding is that this legislation as a concept was-- have been worked on for, I think, much of the interim. And when it was brought to me, it was legislation that I think at the time all the parties that were interested had agreed on. There were still some questions as to tweaks on the numbers as far as the registration fees, the excise tax rates and whatnot. And those were going to be worked out and refined. Along the process, though, it became apparent that as new stakeholders entered the conversation, consensus became more challenging. So I have an amendment that fixes all of the problems of the bill. Here in the Revenue Committee, for those that have been on the Revenue committee for some time, we get to a point where we need, essentially, shell bills to advance the priorities of the committee. Because inevitably, in the process of working through revenue legislation, we uncover issues that need to be addressed that may or may not have been introduced with a vehicle. I hope that this offering assists the committee with furthering that endeavor. That being said, I believe folks will still be testifying on the green copy of the bill. I think there is value in that because we will be working on this issue. We will be trying to get to a place of agreement. And so having stakeholders, interested parties provide their perspective on the subject matter contained within the green copy is useful for advancing that mission. And, and honestly, I look forward to bringing this probably next year in some way that is agreeable to all parties. Until then, LB505 stands as a vehicle to be used in the future for our mutual purposes. And I'd be happy to answer any questions, if there are, about LB505.

von GILLERN: Any questions? Senator Albrecht.

ALBRECHT: Thank you, Chair von Gillern. And thank you for this bill. I know serving on Transportation, this has been a subject for quite some time that we have all been talking about. So will you be considering an LR to work with all the interested parties to--

BOSTAR: Yes.

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ALBRECHT: --try to figure out what we're going to [INAUDIBLE]?

BOSTAR: Yeah, absolutely. And a lot of it is conceptually worked out, and I think everyone understands the, the purpose or the purposes that are sought by this legislation and why it's important. Because it is, because we need to be-- we need to be doing a couple of things. We need to ensure that our roads funding remains healthy. We need to be in a position to take advantage of federal funds, and so some of this legislation accomplishes that. And we need to be establishing, you know, policies that, that meet the, you know, industry needs for the future as, as those continue to evolve. And so, yes, the, the idea is that we will have an interim study, continue to work on this and, and hope to address any residual concerns, as well, as I will say, really try to refine what the correct rates are for a lot of these things, for sort of registration fees, for excise tax rates and get to a number that both is sufficient and justifiable.

ALBRECHT: And do you suppose other states are battling the same thing?

BOSTAR: They are. Nebraska, though, does have some unique differences that I think are going to come out in the testimony behind me. And I will absolutely be responding to what is said after me, in case there's any testimony that isn't necessarily based in fact. And so I'll leave that there.

ALBRECHT: Thank you. Thank you.

von GILLERN: OK, other questions from the committee? Seeing none, thank you, Senator Bostar. Understanding the format and the potential for this bill, are there any proponents that would like to share today? Good afternoon.

MATT SCHAEFER: Good afternoon, members of the committee. My name is Matt Schaefer, M-a-t-t S-c-h-a-e-f-e-r, appearing today on behalf of the Associated General Contractors Nebraska Chapter, the New Car and Truck Dealers Association and the American Council of Engineering Companies in support of the bill as introduced. I want to thank Senator Bostar for introducing the bill. This is an important topic. Our state's roads are largely funded from the gas tax. As adoption of electric vehicles accelerates, those revenues will decline and we'll have less revenue to build Highway 81, Highway 75, Highway 275, and expand the interstate to six lanes to Grand Island. So LB505 addresses this concern by generating similar contributions to our roads funding from electric vehicles drivers as drivers of gas powered cars pay

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today. Under current law, electric vehicles pay a \$75 registration fee That's far less than what other cars pay in the state in federal and state gas tax, which can range from \$150 to \$200 for the average driver. LB505 increases this registration fee to \$200 to roughly match that gas tax not being collected on those electric vehicles. LB505 also creates an excise, excise tax on electricity that goes into cars from commercial charging stations in order to capture revenue from out-of-state drivers. Iowa and Oklahoma have also recently passed three cent per kilowatt hour excise taxes on charging. I would note that this tax does not apply when you charge your vehicle at home. I'll just stop there and urge the committee to continue work on this issue that's only going to be more emergent as time goes by. Thank you.

von GILLERN: Thank you for your testimony. Questions from committee? Senator Dungan.

DUNGAN: Thank you, Vice Chair von Gillern. Thank you for being here today. You heard the opening by Senator Bostar, and I think he mentioned some of the federal funds that are potentially available. Is that the same thing as the National Electric Vehicle Infrastructure, or the NEVI?

MATT SCHAEFER: I don't know what he was referring to. I don't--

DUNGAN: OK. How-- do you know how much it exactly costs to install an EV charging station right now?

MATT SCHAEFER: I do know, but there may be testimony behind me that may touch on that.

DUNGAN: OK. I'll hold off and wait. I'll ask more questions then. Thank you.

von GILLERN: Any other questions from the committee? Seeing none, thank you, Mr. Williams for being here. Or Mr. Schaefer, excuse me. Any other proponent testimony? Is there any opponent testimony?

ROBERT BARATTA: Good afternoon, Mr. Vice Chair, members of the committee. My name is Robert Baratta, spelled Robert Baratta, and I'm here on behalf of Americans for Affordable Clean Energy, which is a coalition of truck stops, convenience store owners and other fuel retailers, including Nebraska brands that you'll understand: Bosselman, Sapp Bros. and Shoemaker's. All of us exploring electric vehicle fast-charging investment opportunities at our existing

facilities at locations across the state. I have formal testimony that I submitted, but given the bill patron's actions, I don't-- I'm not going to go through it all. I'm just going to hit some highlights for you about what our interest is. Our interest is that we serve the public at fueling. We are now entering a new era of electric fuel, and it's how we can then serve our, our customers. We are concerned because the details in the bill that was before you gave the electric utilities considerable market advantage. And it-- and I will explain that to you, that it allowed rate basing, which meant that the utility could go to its ratepayers and rate base those chargers, chargers that we have to pay for on, on the commercial side, they get free capital. And so they would be able to use that to compete against, against us. We figured that-- we thought that that was not free market and it was unfair. The second issue that we had to deal with was the, the way that electric vehicle charge-- our rates are charged to the, to the, the commercial user. That's we're talking about demand charges, and it's in my testimony there, which is it's unworkable. It's, it's just we have to come up with some other way to be able to charge the consumer when they pull up to the, the EV charger. So they know that it's just like they do now for gasoline, where you can see up on the banner how much it's going to cost. We want to be transparent, we want to have that price transparent and we want to have the consumer know that when they put their credit card in, they know what they're charging for, what they're going to be charged for. And the third issue is today in Nebraska, it's one of, I think, five states now that you cannot charge for charging unless you're a public utility. So we have-- we need to have that in effect to where we can charge by the kilowatt hour when somebody pulls up to the pump. Otherwise, we got to do things like charging them for parking. And then that's how, that's how some states have got around it. But that's something that needs to be done because as part of the \$30 million, Senator Dungan, that you asked about, that's in the Federal Infrastructure Act that Nebraska is supposed to be getting for EV charging infrastructure, that you have to be able to charge for charging. So you absolutely have to have that in order to get access to those federal funds. So with that, I want to thank the bill patron, Senator Bostar, for this bill. It's a very important issue. It's a very important public policy issue. And we, you know, we want-- we will be engaged and we will-- we appreciate getting a seat at the table and so we can advance this for good public policy for Nebraska.

LINEHAN: Thank you very much. Thank you for being here. Are there any questions for the committee? Senator Albrecht.

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ALBRECHT: Thank you, Chair Linehan. And thank you for being here to help us understand this. So if there are federal funds out there right now and we are not able to use them because we have no state statute that says what we're going to be doing, did you-- have you at some of these locations, Sapp Bros., Bosselman's and Shoemaker's, have you, have you actively looked at putting charging stations al-- or do you already have some charging stations on your--

ROBERT BARATTA: Yeah, Senator Albrecht, that's a good question. We do have some charging station, we haven't used federal funds to do it.

ALBRECHT: So you've invested yourself knowing that you're right along the interstate and somebody might need a charging station.

ROBERT BARATTA: Yes, Senator Albrecht, that's correct. And the ones that we have in now, by and large, they partnership with companies like Tesla--

ALBRECHT: OK.

ROBERT BARATTA: --that put those in. And if you pull up to some of them you'll see on some of our, some of the locations, there's a program with General Motors now with, with one of our members that have gone out. They're going to put in 500 charging stations across the country in partnership with General Motors.

ALBRECHT: OK.

ROBERT BARATTA: There's also, you know, a couple of our, of our members are putting them in themselves just so they can see how consumers act when they come into the, you know, how long they spend. Did they sit in their car and just use their phone or do they actually come in and buy coffee and donuts?

ALBRECHT: Do you feel like you also have to have a lounging area? Doesn't it take like 30 minutes? I mean, how long does it normally take them to charge?

ROBERT BARATTA: Senator Albrecht, it takes normally about 20 minutes, 20 to 30 minutes. And that's the type of consumer behavior they're trying to see. Because, you know, whether or not they have to put in picnic tables or, you know, put in different types of amenities to serve the customers.

ALBRECHT: Sure.

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ROBERT BARATTA: And that's one of the things that we say. If you look at some charging stations that folks that aren't in the business put in, they're out there in parking lots and, you know, kind of more [INAUDIBLE].

ALBRECHT: So, so right now you just let them pull up and use it? Or are you-- what do you, what do you charge them--

ROBERT BARATTA: Well, that--

ALBRECHT: --yourselves for right now?

ROBERT BARATTA: You have to-- you can't charge them for charging, but you can charge them for being in that spot for 20 minutes.

ALBRECHT: Really?

ROBERT BARATTA: It's a parking fee, basically. It's-- so you're not charging for the electricity, you're giving it-- you have to give it to them for free.

ALBRECHT: So what's the parking fee?

ROBERT BARATTA: It really depends on the company.

ALBRECHT: It's like a couple dollars or is it \$10?

ROBERT BARATTA: I don't know the answer to that question, Senator. I'd have to ask the individual companies what they charge for it.

ALBRECHT: OK. Thank you.

ROBERT BARATTA: And do you want me to get back to you on that? I can ask them.

ALBRECHT: That would be, that would be interesting to know, yeah.

ROBERT BARATTA: OK. I'll be happy to--

ALBRECHT: And what it might be throughout the country, because I'm sure you have other locations outside of Nebraska.

ROBERT BARATTA: Well, Senator, outside Nebraska, in 44 other states, they can charge for the electricity. So I--

ALBRECHT: Right. How much. That's what I'd like to know--

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ROBERT BARATTA: Sure, we can--

ALBRECHT: --the type of money they get.

ROBERT BARATTA: I'll ask that question and get the answer for you.

ALBRECHT: Thank you very much. Appreciate it.

ROBERT BARATTA: Thank you.

LINEHAN: Thank you, Senator Albrecht. Senator Dungan.

DUNGAN: Thank you, Chair Linehan. And thank you for being here. You might be able to clarify some of the questions I had for the last-- from the last testifiers. So you mentioned the National Electric Vehicle Infrastructure. Those are the federal funds we're talking about, right?

ROBERT BARATTA: Yes.

DUNGAN: And those require selling electricity on a kilowatt-by-hour basis, is that correct?

ROBERT BARATTA: That's correct.

DUNGAN: And the, the, the language in LB505 does allow for that, correct?

ROBERT BARATTA: That's correct.

DUNGAN: OK. So that would--

ROBERT BARATTA: But-- I'm sorry.

DUNGAN: No, no continue.

ROBERT BARATTA: You are right that in the-- Senator, that, that is correct. But that's-- we are, we say that that's a necessary but not sufficient policy. We have to have, you know, allowing somebody to charge for charging, but yet still allow a someone to rate base chargers as a competitor and go right across the street and use the power of eminent domain to, to get the land is not going to help the private sector with the investment.

DUNGAN: OK. And how much does it cost to put in an EV charging station for you, generally?

ROBERT BARATTA: Generally, the chargers themselves are very expensive. They're about \$100,000, maybe \$120,000. We're talking about the, for one, we're talking about these, the fast chargers. Not the ones you put in your house, but the commercial fast chargers. They, they're running about \$120,000. And then the, depending on, you know, probably allocate another \$100,000 or so to-- for all the hookups. But that's if you're putting in four of them, that \$100,000 would probably cover all four. So, so it's about a half a million dollars then for four of them. So we're talking a very significant investment.

DUNGAN: And can you, if you know, explain-- explain, sorry, what utility demand charges are and how those impact EV charging stations?

ROBERT BARATTA: Senator, oh, good. You might want to ask the public utilities, but I'll give you the layman's. Demand charges were put in place to incentivize large industrial users of electricity to get them to use the electricity and the demand for the electricity at times when the-- off-peak times. So therefore they could-- you wouldn't have to go out and build additional transmission infrastructure. It's a very sane public policy approach. So it's, they're trying to, to limit peak demands. When you are charging an electric vehicle, it uses a, a large amount of electrons in a very short amount of time. And that charge, that, that creates a peak. So for instance, for one EV charger, EV charging car coming to one of our locations could double the electric bill of the station itself, something that runs all of our stuff, all the coolers, the canopies, the gas pumps, everything for the whole month because it creates a peak demand on that one thing. So that's what we're-- we're really talking about what the, what the utility will charge then us for everything for the whole month. So it's not-- and then we, how can we possibly pass that along to the consumer, the person that pulls up for the car. We can't, we can't charge them \$300 to, to charging their car for 20 minutes. So that's, that's really the conundrum here in the public policy, we have to figure out how to set a rate for an EV charging that makes sense, that's rational.

DUNGAN: And were you all a part of the conversation when this bill started getting constructed?

ROBERT BARATTA: Senator, no, we were not.

DUNGAN: OK, thank you.

ROBERT BARATTA: We were late to this. We were late to the party.

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DUNGAN: I've been there myself.

ROBERT BARATTA: I'm sorry.

DUNGAN: Thank you.

LINEHAN: Thank you, Senator Dungan. Are there any other questions from the committee? Seeing none, thank you very much.

ROBERT BARATTA: Madam Chair, thank you very much.

LINEHAN: Thank you very much.

ROBERT BARATTA: Thank you.

LINEHAN: Are there any other opponents? Good afternoon.

NICK STEINGART: Good afternoon, Chair Linehan and members of the committee. My name is Nick Steingart, I'm the director of state affairs at the Alliance for Automotive Innovation. We're the trade association that represents the manufacturers that produce nearly every new car sold in the United States. And I was here to testify in opposition to the bill originally. But I guess given today's developments, I'll just offer our feedback and our perspective on EV fees and kilowatt hour taxes and where we've come down there. I think it's important to establish kind of from the onset that automakers firmly believe that owners of EVs should pay their fair share and find parity when it comes to EV fees to make sure that Nebraska's roads and highways are adequately funded. So we recognize that the existing fee of \$75 probably does not achieve that. And as I understand it, that has been in law for over a decade now. So that, that probably does need to be modernized and we understand that.

LINEHAN: Can I just interrupt you just one second?

NICK STEINGART: Yes.

LINEHAN: Could you spell your name.

NICK STEINGART: Spell my last name. I'm sorry.

LINEHAN: Well, both first and last.

NICK STEINGART: First name is Nick, N-i-c-k, last name, Steingart, S-t-e-i-n-g-a-r-t.

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LINEHAN: Thank you.

NICK STEINGART: I had that in my notes and I totally skipped over it.

LINEHAN: That's OK.

NICK STEINGART: So the average motorist in Nebraska pays approximately \$120 a year in gas taxes, in state gas taxes. And I can walk through some of the math on that after this. And so, again, you know, we agree that the \$75 number probably doesn't reflect parity and, and should be updated. So LB505 would have also placed this three cents per kilowatt hour tax on nonresidential charging locations. And we don't have any issues there as long as it's limited to DC fast chargers. I think from what I understand, that provision is intended to capture motorists who are traveling from out of state on, on your, on your highway corridors where those DC fast chargers are most likely to be located. And so, you know, our recommendation would be to limit the application of the tax at those DC fast chargers so you're not capturing somebody who lives in a multi-unit dwelling that doesn't have access to home charging, who might be paying the EV fee and then a kilowatt hour tax when they were to charge at their local, you know, grocery store, convenience store, whatever it might be. So again, our, our suggestion would be a combination approach, and we're fine with the, the EV fee, as long as it's in line or thereabouts of, of gas tax parity. And then on the kilowatt hour tax to limit it to DC fast chargers. So I guess I'll close there and leave it open to any questions, but appreciate the opportunity to provide this information to the committee.

LINEHAN: Thank you very much. Are there questions from the committee? Senator Albrecht.

ALBRECHT: Thank you, Chair Linehan. Thank you for being here. So you're with the car people, and I was in the business for about 33 years. So if you were going to buy a car, they're going to let you know if you drive X number of miles at this much money per gallon, this is how much money you'll spend in a year. Do you guys have any estimate on something-- on any of those cars that you would say, if you drove X number of miles and, and you had to plug in to a fast charger, DC fast charger, how much would it be?

NICK STEINGART: I don't have that off the top of my head, but I'd be happy to, to--

ALBRECHT: I'd like to see that--

NICK STEINGART: --pull the information.

ALBRECHT: --because I think that's going to help, because I can't see where a, a Bosselman's or a, or a Sapp Bros. can afford to spend \$100,000 and get four stations and then pay the utility bill to allow somebody to charge there. I mean, if I park in a parking garage and I pay \$2 for an hour for 20 minutes, what are they going to pay? What would, what would, I mean, how do you, how do you-- and I'm sure that you're not just in the-- if you're in the business of building cars, do you have an idea of how much that would be, right? I mean, you're looking for parity on the, on the \$75 fee versus \$120. But maybe that fee has to be a lot more.

NICK STEINGART: And I know that the--

ALBRECHT: And who do you-- and how do we share that, that money with the state? You know, with the, with the people that are allowing those folks to come to their stations and, and charge up if, if they're not charging at their own home?

NICK STEINGART: Yeah. As far as the fueling question, I know one of the stats that is often thrown around there is, is your fueling cost is anywhere between a third and half as much on an annual basis. But that obviously is going to fluctuate with gas and electricity prices, you know. And at the height of, of gas prices last summer, you were achieving a lot more savings with an electric vehicle versus a gas. And I think that's kind of come back probably closer to the 50 percent of that number rather than, you know, on the higher end of, of, of 50 percent versus 33 percent or a third. So I'd be happy to pull-- that's, that's just a--

ALBRECHT: I mean, I could see how this can be very confusing for the retailer, for the consumer. But if, if you're selling that car upfront, to me, maybe some of those fees have to be more. And then you're going to have to figure out if they are more, where does it go? Does it go to the state for covering our roads and bridges and things like that? Does it go to the electric company? I mean, this, this is a complex issue. And if there is money left on the table from the federal government that could have been spent in the state of Nebraska, but we-- but the but/for that we couldn't get it done because everybody is not at the table, we need to know what we need to do to get-- to take advantage if we want to sell these electric cars in the state of Nebraska. How do we help the consumer? How do we help the electric company? How do we help that retailer--

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NICK STEINGART: Yeah.

ALBRECHT: --get through all this? So thank you.

NICK STEINGART: Thank you.

LINEHAN: Thank you very much, Senator Albrecht. Are there other questions from committee? Seeing none, thank you for being here.

NICK STEINGART: Thank you.

LINEHAN: Other opponents. Good afternoon.

ANSLEY FELLERS: Good afternoon. Thank you, Chairwoman Linehan and members of the Revenue Committee. My name is Ansley Fellers, A-n-s-l-e-y F-e-l-l-e-r-s, and I'm here on behalf of the Nebraska Grocery Industry Association, as well as the Nebraska Retail Federation, testifying in gentle opposition to LB505 as written. Thanks to Senator Bostar and all the stakeholders around the table as this bill was developed. Everyone was negotiating, negotiating in good faith, but after running some of the final language by industry experts, it was clear we might need to go back to the drawing board. Primarily, we're concerned about competition from public power when it comes to retailing electricity as fuel. We would like to get to a point where the private sector has certainty there will be limited opportunity for public power to enter the space and fair and equal treatment of all EV locations if they do. For instance, we'd like to ensure public power pays the same rate as the private sector to purchase the electricity for resale and that the utility must recover its investment costs like the private sector. We do appreciate that public power came to the table to agree on language which would allow fueling stations to charge for charging. We look forward to working with everyone in the interim to come to an agreement. Thanks for your time, I'd be happy to answer any questions.

LINEHAN: Thank you very much. Are there any questions from the committee? Seeing none, thank you for being here. Next opponent. Good afternoon.

MARY VAGGALIS: Good afternoon, Chair Linehan, members of the Revenue Committee. My name is Mary Vaggalis, M-a-r-y V-a-g-g-a-l-i-s, and I'm here today in opposition to the original version of LB505 on behalf of Tesla as a registered lobbyist. Last year, Tesla sold over 1.3 million vehicles and installed over 40,000 superchargers globally in or-- over 35,000 wall connectors at destination charging sites. Tesla's

opposition to the green copy of LB505 falls into three categories: the EV registration fee, the kilowatt tax on EV charging, and the prohibition on EV charging providers supplying part of their own power. First, it should be noted that although EVs are more visible today, particularly in television advertising, they still comprise a relatively small portion of automobiles on the road. EVs make up a tiny fraction of a percent of registered vehicles in Nebraska and only about 1 percent nationwide. While Nebraska should continue to consider a means of funding roadways as EVs and plug-in hybrids grow in use, relying on increases in a flat registration fee for EV owners is not a fair representation of lost gas tax revenue. The gas tax rewards efficiency. By purchasing a high-efficiency vehicle or by driving less, consumers can control their gas tax burden. Conversely, a flat registration fee doesn't recognize efficiencies and assumes EV drivers drive at least as much as the average driver, although data supports otherwise. If a state chooses to implement a flat registration fee as an interim measure as Nebraska has, the state should calculate the fee in a way that acknowledges EVs's efficiencies. In Nebraska new purchases, one of the top five most gas-efficient cars today would pay about \$130 to \$150, excuse me, for driving 15,000 miles per year in state and federal gas tax charges. EV drivers should not be required to pay more than other high-efficiency vehicle owners. A tax on energy for EV charging can create a more equitable system than registration fees. However, Tesla does not support the kilowatt taxes proposed in LB505. Currently charging providers are taxed by the electric utility providing the service. A utility administration of a public charging state fuel tax deserves further consideration. In addition, LB505 does not fully address the diverse charging landscape. For example, those in an apartment complex may not have access to a residential charging provider, yet LB505 does not provide a tax credit or another mechanism for those individuals. It is also important that the state be properly equipped to ensure proper tax assessments. Gas pumps are required to include metering technology that is utilized and tracked by the Department of Agriculture's wage-- and Weights and Measures program. However, DC fast charging metering standards are under development nationally, and in July 2022, the National Conference of Weights and Measures voted to exempt DC fast charging from various code provisions until 2028, given field testing is not yet scalable and technically extremely challenging. Complicating matters is that states implementing these type of kilowatt taxes are now experiencing higher implementation costs than originally anticipated. Because of low EV ownership, costs to implement and administer a kilowatt taxes are outstripping revenue in the early years, which makes kilowatt taxing

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an overall deficit contributor rather than a revenue source. Finally, LB505 prohibits EV charging providers from supplying their own power, whether through battery store-- storage or distributed solar. DC fast chargers are typically used for long-distance travel and have more unpredictable usage patterns in level two or at-home chargers. And as DC fast charging use increases with more EV adoption, there will be increasing energy demands that can hit during peak periods. Allowing solar and batteries that can capture and store energy during periods of low use can not only decrease costs for charging consumers, but also broad consumer utility rates. In addition, energy storage can alleviate pressure on electric utilities, which need to expand to accommodate new load during peak times. Tesla is committed to ensuring its customers get from point A to point B in a safe manner. And roads infrastructure is a critical component of that goal. Although we oppose the original version of LB505 at this time, we want to thank Senator Bostar and the various stakeholders for working on this issue. Tesla looks forward to being part of the solution as automobile and fuel industries continue to evolve. Thank you, and I'm happy to answer any questions.

LINEHAN: Thank you very much. Are there any questions from the committee? Seeing none, thank you very much.

MARY VAGGALIS: Thank you.

LINEHAN: Next opponent. Good afternoon.

ADAM HERRON: Good afternoon. Can you hear me all right?

LINEHAN: Yeah.

ADAM HERRON: My name is Adam Herron, it's A-d-a-m H-e-r-r-o-n. I'm not here on behalf of any organization, just here as a citizen. The previous testifiers said a lot of things that I actually had noted down to speak about. I'm an EV owner. I love my EV. I also love numbers, and I'm, I'm a data guy. And one of the key points I wanted to talk about was the fact that EVs are far more efficient than gasoline cars. So on average, I drive 8,000 miles a year and I add 8,117 miles' worth of battery to my car every year. So this is last year's calculations, if that makes sense. So, so my car doesn't get a 1 to 1 ratio of the amount of battery I use for the number of miles I drive. It's-- I get 1.03 miles' worth of battery efficiency for every mile I drive. So if that-- so if they were, if the committee wanted to raise the alternative fuel tax fee from \$75 to \$200, that's 166

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percent increase. Sorry, looking at my notes. So, so really if-- so if I'm, If I'm driving 8,000 miles per year, my, my car has an efficiency rate of 111 miles per gallon. But it's like having a 2.41 gallon sized tank. So if I'm-- if so, if I'm-- so that would be 72 gallons' worth of gas equivalent to I fill up in a year. And at 29 cents a gallon, my alternative tax fee should only be \$21, not \$75. So that's on me driving 8,000 miles a year. And my, my car being that efficient. So I don't know where, like, the \$200 amount is coming from. They said, someone said something about there were some comparisons made about the number of miles a year an average Nebraskan drives, but I don't know where that data is coming from. I have the data from my app in my phone that Tesla tracks. I almost wonder if maybe a better solution might be to tax EV owners based on, like, maybe a standard fee based on the number of miles they drive. That's what we do with gasoline, right? And kind of like on a related note, I'm almost getting penalized twice because then when I charge my car at home, because I use extra kilowatt hours, that puts me in like a higher tier of the amount of energy I'm consuming from LES, so it puts me into what they call the level two tier. Which I forget the extra cost that's associated with it, I want to say like it's \$20 more a month or \$40 more a month. So, like, that's not really a pay-per-use type of model. Oh, there's my orange light. That's, that's all I have. Any, any questions for me?

LINEHAN: Thank you very much. You actually can go until it's red, but we'll see if anybody has a question. Is there a question from the committee?

ADAM HERRON: Any question about EVs? I love talking about EVs.

LINEHAN: So you-- I'm not familiar with Lincoln Public Power, is it LES, Lincoln Electric? They have a-- if you, you get a discount if you don't use-- what do they, they charge you more if you use more? Is that what you're saying?

ADAM HERRON: So there is something called, like, the off-peak charging. I don't think LES has that. Meaning, like, you know, when people norm-- usually people are sleeping, you know, at nighttime.

LINEHAN: Right. Off-peak.

ADAM HERRON: So there's less electricity being used. Other states will charge less if you use electricity during that time. But what LES does is they're saying, like, if you, if you are using at any time of the

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day or whatever or per month, you're using zero kilowatt hours to like 100 kilowatt hours, it's say \$100, \$100. And then from 100 kilowatt hours to 200 kilowatt hours, it's \$20. So just because I'm using more energy in a month's time--

LINEHAN: Then it's \$120.

ADAM HERRON: Huh?

LINEHAN: You said between 0 to 100, it would be \$100.

ADAM HERRON: \$100. OK.

LINEHAN: Then from 100 to 200, it would be \$120.

ADAM HERRON: Then then maybe, like, from 101 kilowatt hours to 200 kilowatt hours, it would be like \$200.

LINEHAN: OK.

ADAM HERRON: Just for, just for an example.

LINEHAN: I would be interested in however that works. Yes.

ADAM HERRON: Yeah.

LINEHAN: Any other questions for the committee? Seeing none, thank you for being here.

ADAM HERRON: Thank you.

LINEHAN: Are there other opponents? Are there any other opponents? Is anyone wanting to testify in the neutral position? Good afternoon.

SHELLEY SAHLING-ZART: Good afternoon, Chair Linehan, members of the Revenue Committee. For the record, my name is Shelley Sahling-Zart, S-h-e-l-l-e-y S-a-h-l-i-n-g-Z-a-r-t, I am vice president and general counsel for Lincoln Electric System, the municipal electric utility here in Lincoln. But I am testifying today on behalf of the Nebraska Power Association, which represents all of Nebraska's 165-roughly public power systems, public power electric utilities, including municipalities, public power districts, public power and irrigation districts, rural public power districts and cooperatives. And we are here today very united in a neutral position on this bill. Why neutral? First of all, I'd like to apologize to Senator Bostar, because we thought we all had come to agreement on this bill. So

that's unfortunate. But why are we neutral? We're neutral because the bill doesn't do anything for public power. It's not giving us greater authorization, it's not limiting us in any way. We came to the table to help enable something. This started about a year ago. Senator Friesen had an amendment on a bill that was going to address the ability to sell on a KWH basis, and we asked him to give us some time. As you know, today, we're an all-public-power state. We're the only state in the country that's 100 percent public power. And only electric utilities under state statute today can sell electricity on a KWH basis as retail utilities with a certified service area. So we needed to write a carveout to allow charging stations to charge on a kilowatt hour basis. That's what this bill does. So while we weren't opposed to doing it, we wanted to be very careful about how we sort of opened the door a little bit into what we do. So we worked with the petroleum lobby and others over the interim to craft this bill. There were the other tax provisions that we didn't have an interest in, but we worked very hard on the language you see on pages 9 through 11. This is not public power's bill. We were simply trying to enable it. We're not standing in anybody's way. Yes, there are some NEVI funds. That's why we're here. We're here because there's \$5 billion in those NEVI funds that everyone is trying to avail themselves of. I get that. And there's a, a heightened increase in interest for putting in electric EV charging stations. That's not new. There's over 300 EV charging stations in the state today. This isn't new. What's new is changing this so they can do it on a KWH basis and get those NEVI funds. I understand that. You've heard a lot more about demand charges and things. Again, we've got over 300 charging stations in the state today. They're charging on a time basis, Mr. Baratta said they're not allowed to charge. Yes, they can charge. It's a little more than a parking fee. Some of them charge on a time basis. So it's X cents per, per minute of charging. That you can do under state law. But when you do it under a KWH basis, you're operating more like a retail electric utility. So there are ways to do that, demand charges. Demand charges are not new. They've been in the electric utility business for decades, and we have lots of customers that pay demand charges. Churches, construction companies, gasoline stations, hospitals, medical clinics, gyms, why do they do that? Because their, their load isn't always level. Sometimes, you know, churches, when do churches peak? Weekends, right? So we have loads that go up and down. So but the idea is that we have to have generation, we have to have distribution facilities to serve all of our customers for whatever their peak demand is. Not what their average demand is, what their peak demand is. So think about Memorial Stadium. Memorial Stadium sits

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vacant most of the year, right? But it has to have all the infrastructure, and on game day, it's got to have everybody there to serve everything. That's what we do every day. So demand charges are a necessary part of our business. I understand that they think it's unfair. If you look at the chart that's in the handout in my testimony, you will see what the problem is, and it's a function of utilization of the charging station. I provided you there two examples, one based on one charge per month. The other one, I think is based on-- I'll have to pull that up. One is one charging session, the other one is 110 charging session, sessions a month. Same sized charger, same demand charge in both of those instances. Radically different differences. Why? Because the one is based on only one charge. So the problem is this is a nascent industry. It's in its infancy. There aren't as many EVs on the road yet. There will be. When there are more EVs driving on the road and stopping at these charging stations, that demand is going to be more level and they aren't going to see the [INAUDIBLE] or the spikes that they see today, and that will be less of a problem. Right now, they face those demand charges, if that makes any sense at all.

LINEHAN: Thank you.

SHELLEY SAHLING-ZART: Thank you.

LINEHAN: Are there questions from the committee? Seeing none, thank you very much. It was helpful. Neutral? Are we in the neutral position? Is there any other neutrals? I'm going to ask for the next hearing, if you guys-- if you move up front if you're testifying, it's helpful. Good afternoon.

DAVID RICH: Good afternoon, Chairman Linehan and members of the Revenue Committee. David Rich, David Rich, 1669 West Calle Colombo, Columbus, Nebraska. Lifelong resident of Nebraska, 40-plus years as a registered professional electrical engineer, owner of a Chevy Volt EV for five and a half years. First of all, I'd like to thank all of you and all state senators for serving Nebraska, and this opportunity to testify in neutral capacity on LB505. I want to address the EV charging fees based on KWH versus current elapsed time and raising the annual fee from \$75 to \$200 for the registration. I strongly support collecting revenues for state rates based on caveats consumed versus annual registration fees. KWH consumed aligns with current liquid fuels tax of cents per gallon. This method would also capture revenue from EVs not registered in Nebraska, but utilizing Nebraska highways. And that is a big thing, the number of EVs traveling down the

interstate that are paying nothing towards the road tax now. I support allowing commercial EV chargers to collect on a kilowatt hour basis rather than elapsed time. Last month, I traveled to Omaha on a very cold day. On a warm day and can get about four miles per kilowatt hour. When I left Columbus, it was a minus two degrees F. I knew I would need to charge my Volt before returning back to Columbus. I plugged in to a commercially owned charger for two-plus hours, expecting to get 40 miles. The charger failed and I only got three miles. I wasn't going to make it home. I stopped at another commercial charger on the way back to Columbus and charged for 20 minutes with a fee of 11 cents per minute. That worked out to be about a dollar a kilowatt hour. My point is that EV charging fees based on elapsed time are-- can be very confusing and they're not transparent. So being able to charge on a per-kilowatt-hour basis makes a lot of sense. Annual registration fees for EVs. With the current \$75 annual fee, I have paid \$450 since 2017 and have driven my Volt approximately 29,500 miles. Works out to be about 15 cents per mile of road tax. In comparison, driving my 2009 Lexus works out to [INAUDIBLE] penny and a half mile for state fuels tax. Under the proposed legislation, raising it from \$75 to \$200 and based on my current driving habits, would result into a 40 cents a mile road tax. I would suggest considering a tiered approach for registration based on EV weight. I would suggest considering the annual registration for EVs over 5,000 pounds to potentially go to that \$200 and leaving the current fee of \$75 for EV less than 500 pounds. My basis for this recommendation is that the Ford and Chevy half-ton pickups both weigh about 8,000 pounds compared to my Volt weighing about 3,600. And both of those trucks are capable of towing another 10,000 pounds. So there's a tremendous difference in weight and corresponding impact on roads. Lumping all EVs together under the same EV fee does not seem appropriate. Thank you again for the opportunity to testify, and I'd be happy to answer any questions.

LINEHAN: Thank you very much. Are there questions from the committee? Thank you very much. You've brought a lot of questions. Is there anyone else wanting to testify in the neutral position? Neutral? Senator Bostar. We had some letters. I had them, I lost them. We had zero proponents, three opponents, and no one in a neutral position.

BOSTAR: That sounds about right.

LINEHAN: What have you done?

BOSTAR: Again, when I was handed the bill, it was everyone agrees.

LINEHAN: You've been here too long to fall for that.

BOSTAR: I-- well, before I actually get into the closing, I just want to specifically thank Mr. Herron and Mr. Rich for coming and sharing their thoughts. It's a valuable perspective and, you know, they weren't part of the, the group that was trying to figure this out. And so I do feel a little bad that they, that they came in today ultimately for a bill that is being amended to nothing. But their perspective is valued and will absolutely be considered as we continue to work on this issue. Just in, really in probably no particular order, going through some of the things that came up, I did mention that I would be addressing things if the testimony involved claims that had factual inaccuracies. So I have some work ahead of me. It was brought up-- I'll also just, I think all of you will appreciate the fact that an organization with clean energy in its name came in to oppose one of my bills. Enjoy that. Utility advantage. So the, the notion, as I understand it, is that this bill would provide our public power districts, our utilities with some sort of competitive advantage, thus undermining the free market ideals that we, of course, hold up. This is not true. Not even a little bit true. No part of that is true. Currently, our public power districts can do this. They can install charging stations whenever they want. They can sell the electricity on a kilowatt-hour basis. They can do it. In fact, they have all the advantages and it's the private industry that doesn't. The private industry is currently unable to sell electricity on a kilowatt-hour basis. This bill would give them that ability. Yet somehow the groups who actually need this bill are also the groups who are opposing the bill. As far as how the electricity would be charged, it was brought up that, you know, the public power districts would somehow undercut the rates. That's also not true, wouldn't be true under the bill. The public power districts are required in statute to charge themselves the same amount for electricity that they charge anyone else. So the amount that they would sell the electricity to for a private operator of charging stations is exactly the same amount that they would have to charge themselves if they operated electric charging stations. There is no utility advantage here. I think that some of this notion comes from other states where investor-owned utilities get to sort of play games with this. That isn't the case here. Our statutes are very clear. I served for years on the board of a public power district. Everything would be the same, except actually currently it isn't the same because they're not allowed to operate in this business. This bill would let them, but they're opposed. The reason public power didn't come in in opposition or as proponents is

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exactly what they said, because this bill doesn't matter to them. It doesn't do anything for them. There are no advantages to be had. Right now, they hold all of the advantages because they're the only ones that are permitted to even participate in this business. Demand charges, essentially every nonresidential power user is subject to demand charges. The idea that it's some kind of specific injustice being placed upon the charging station industry doesn't make any sense. Demand charges serve an important function. Ms. Sahling-Zart from LES talked through what that is. If there are more questions about the function of demand charges, I'd be happy to talk more about that. And then things got a little confusing because the testimony became self-contradictory. At one point it was brought up that people want to be able to see a sign, what they're going to pay, what rate it is. But how can they when the demand charge, they don't know if they put in their credit card how much it's going to charge them. Of course, that wouldn't be the case because the demand charge is a per-billing-cycle charge that goes to the electric customer, not the consumer of a charging station. But they know that because later they brought up how, how will they pass along the cost? So, of course, it wouldn't be on the consumer's credit card. They want certainty on essentially any quality of treatment under the law for this business. This bill would give it to them. Right now, they don't have it. And it looks like for the foreseeable future, they won't get it. If we want the NEVI funds, we would have to participate. We'd have to allow businesses to sell on a KWH basis. There is still time to do that. We can do that in legislation next year. We will have an LR that examines this further. We will try to get the rates to be correct. We will work as a committee to do that over the interim. I don't really have anything more to add other than I think my amendment is very good. And I'd be happy to answer any further questions.

LINEHAN: Thank you. Thank you, Senator Bostar. Are there questions from the committee? Senator Kauth.

KAUTH: Thank you, Chair Linehan. When is the deadline for the NEVI funds?

BOSTAR: I think we-- we were looking at this. I do know that if we get a bill done, at least toward the earlier side of session next year, it would be OK. But the specifics on the timeline, I can get you.

LINEHAN: Thank you, Senator Kauth. Why is this not Transportation?

BOSTAR: Because it's a tax bill.

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LINEHAN: Thank you. Sounds very complicated.

BOSTAR: I had heard that the groups had come to you with the bill and you recommended that I carry it. So I just want to say thank you for this.

LINEHAN: I like to share our work.

BOSTAR: Yes. Yes. Thank you.

LINEHAN: Thank you. OK. Are there any other questions? Thank you. Oh, and I did the letters, right? OK. With that, we bring LB505 to a close, and we open the hearing on LB499. Welcome Senator Cavanaugh. Thank you. Good afternoon.

M. CAVANAUGH: Hi. Good afternoon, Chairwoman Linehan and members of the Revenue Committee. I am Machaela Cavanaugh, M-a-c-h-a-e-l-a C-a-v-a-n-a-u-g-h, and I have the privilege of representing District 6 in west central Omaha, Douglas County. I think this is going to be a mercilessly quick hearing. LB499 is the School Readiness Tax Credit, which I believe has had another hearing in this committee so I won't belabor the point too much. I actually am going to take a step away from my written remarks because I'll just tell you what this bill means to me. In 2016 is when we enacted the School Readiness Tax Credit and my childcare is a Step Up to Quality facility. They have worked very hard to go through that rigorous process and they have always worked really hard to pay a higher wage. Still, you know, it's a childcare, it's not easy to pay a very decent wage, but they've always try to pay a higher wage for their employees and, as such, have had a minimal turnover, which has been really wonderful in continuity and care for kids and stability for the workforce. When this tax credit came into being in 2016, I didn't even think about running for the Legislature at that point in time. But I did pay attention to the Legislature and I made sure that my childcare knew about this tax credit. And they have since then worked-- the administrative side of them have worked very hard to make sure that all of their employees that qualified would receive the tax credit. And so this has been very impactful for the people that care for my children. And as such, when the tax credits sunset, which I didn't realize that it did and I am remiss on that, I told them I would bring a bill to help bring it back. I appreciate that Senator Bostar also did the same thing. And so with that, we do have some testimony today from NAEYC. But essentially, I, I think you already know all about this. I do have the First Five and I will distribute it because I already killed the trees

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so we may as well share the wealth. You may already have this information from First Five, but childcare is such a essential need for workforce development. I could not do this job if I didn't have childcare. I also couldn't do this job if I didn't have my spouse who helps a lot. But just ensuring that we have a strong workforce and anything we can do to continue to invest in early childhood I think is a great opportunity. So with that, I will answer any questions.

LINEHAN: Thank you, Senator Cavanaugh. Are there questions from the committee? Senator Kauth.

KAUTH: Thank you, Chair Linehan. So, Senator Cavanaugh, you came out quite strongly against tax credits, specifically the opportunity tax credit, how is this different?

M. CAVANAUGH: This is-- I am not a big fan of tax credits. Historically, I have not been a super proponent of tax credits. I do support tax credits that support the lower income working poor and this tax credit does exactly that. It helps those that are low-wage earners that work in childcare to get a-- additional tax credit to help it be a more sustainable workforce for them.

LINEHAN: Thank you, Senator Kauth. So it's refundable?

M. CAVANAUGH: It's refun-- well, it's a tax credit, so I guess I don't--

LINEHAN: OK, let me--

M. CAVANAUGH: You, you, you know the jargon better than I do.

LINEHAN: That's fair. That's very fair. I didn't really have--

M. CAVANAUGH: So--

LINEHAN: --any idea what that was before I got here.

M. CAVANAUGH: --so-- yeah.

LINEHAN: Refundable means even if you don't owe taxes you get it back.

M. CAVANAUGH: Yeah. Yes.

LINEHAN: So-- and I think-- so I don't know-- Senator Bostar.

BOSTAR: It's both.

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LINEHAN: Oh, OK.

BOSTAR: It depends on the, the part of the tax credit, but it, it, it has a refundable and a nonrefundable provision.

M. CAVANAUGH: Thank you for letting me phone a friend for an answer to that question.

LINEHAN: He phoned in. OK. Any other questions? All right. Thank you very much for being here.

M. CAVANAUGH: I will probably waive closing unless there are substantial questions.

von GILLERN: Then I do have a question.

M. CAVANAUGH: OK.

von GILLERN: Is this going to be your priority bill?

M. CAVANAUGH: It is not.

von GILLERN: OK. All right.

M. CAVANAUGH: But you are welcome to make it a committee priority.

von GILLERN: Well, thank you.

LINEHAN: I think somebody beat you to that.

M. CAVANAUGH: Oh, darn it.

von GILLERN: It sounds like it's an import--

M. CAVANAUGH: You can, you can amend it into a committee priority.

von GILLERN: Yeah. Yeah. It sounds like it's important, sounds like it's been impacting-- positively impacting for you--

M. CAVANAUGH: It is.

von GILLERN: --and your family and for others and--

M. CAVANAUGH: I would consider prioritizing a childcare tax credit. I have not decided what my priority is and so if, if that is something

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that the committee were to put out that is something that I would definitely consider prioritizing--

von GILLERN: OK.

M. CAVANAUGH: --if it didn't have another priority. But I know that Senator Bostar and Senator Conrad also had similar bills and so I, I'm not beholden to my own bill.

von GILLERN: Got it. OK. Thank you. So really, what my question is, knowing that this is an important piece of legislation and there's lots of other important pieces of legislation and knowing the current strategy that's being deployed on the floor, what do you think the odds are on this ever being heard and its important work ever being done for the constituents that you're concerned about and we're concerned about?

M. CAVANAUGH: That's an excellent question. That would be a question for the Speaker in the scheduling so I can't answer that.

LINEHAN: OK.

von GILLERN: Thank you.

LINEHAN: Thank you. It's been a long day for everybody.

M. CAVANAUGH: I can stay for-- I mean, I can close if you would like to ask me more questions.

LINEHAN: No, it's OK.

M. CAVANAUGH: I just--

LINEHAN: It's OK.

M. CAVANAUGH: OK.

LINEHAN: You're fine.

M. CAVANAUGH: All right.

LINEHAN: All right. And you have testifiers here?

M. CAVANAUGH: I do. Yes, but it should be quick.

LINEHAN: OK.

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M. CAVANAUGH: OK. Thank you.

LINEHAN: Proponents? Who's all here to testify? Who's left to testify?

TRACY GORDON: The room has cleared. Looks like it's just me.

LINEHAN: OK.

TRACY GORDON: Good afternoon, Chair Linehan and members of the Revenue Committee. My name is Tracy Gordon, T-r-a-c-y G-o-r-d-o-n, and I am the executive director for the Nebraska Association for the Education of Young Children. And we are the state affiliate to the National Association for the Education of Young Children. And I have over 30 years of experience in the early childhood field, having worked with all ages of children and in a variety of settings and professional positions. The Nebraska Association for the Education of Young Children envisions a state where all of Nebraska's children, families, and educators have access to high-quality opportunities that support positive, lasting outcomes. Our organization is committed to supporting high-quality care and education for young children in the state of Nebraska. Enacted in 2016, the Nebraska School Readiness Tax Credit helps ensure access to high-quality childcare for all children, regardless of their zip code. This tax credit provides a refundable tax credit for qualified childcare professionals and a nonrefundable tax credit for qualified childcare programs. The legislation is intended to provide a workforce support for childcare professionals and incentivize, incentivize childcare programs serving low-income children to improve quality through our state's quality rating and improvement system Step Up to Quality. The School Readiness Tax Credit provides incentives for individuals to remain in the field of early childhood education while improving their knowledge, skills, and abilities of the childcare workforce. Across the country, early childhood educators typically receive low wages and the field experiences high turnover. In Nebraska, the average annual wage for childcare workers is just over \$25,000, half the average wage of all Nebraska workers. While the childcare industry still experiences high levels of turnover and is currently experiencing the same staffing issues as many industries in Nebraska, providers have been incentivized to remain in childcare because of the wage supports provided by the tax credit. More than wage supports, the childcare professionals are saying repeatedly that the recognition by the state for the work they do is important to them. The utilization data show that year after year, more childcare professionals are claiming the School Readiness Tax Credit. The number of individuals claiming the

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refundable tax credit has increased 234 percent from 2017, the first year the credit was available. While the credit has existed since 2017, the 2020 tax year was the first time that self-employed individuals, those family childcare providers, were able to claim the tax credit. I was going to say with the tax credit ready to expire, but the sun has set on the tax credit, so many of Nebraska's family childcare home providers have not had the intended five years to take advantage of this credit. While the legislative barrier experienced by these family childcare providers was remedied in 2020, misinformation persists around who was eligible for each of the two credits. Communication has also improved over the past two years, leading to an increase in the number of providers and programs that are claiming the credit. The School Readiness Tax Credit is meeting its legislative goals of improving the quality of childcare in Nebraska, most notably by increasing the training and/or higher education that many childcare professionals receive, both through enrollment and Step Up to Quality and by increasing training hours to maximize the benefit of the credit. The information childcare professionals receive during these trainings is being integrated into early childhood classrooms throughout the state. However, providing an extended time frame to receive the tax credits recognizes and honors the time it takes programs to achieve higher levels of quality and the workforce to achieve higher levels of education. And as a side note, I'm glad I was here this entire time to hear the excitement around Senator Linehan's bill because if that should come to life, the recruitment and retention of employees to make all of that happen childcare can and should be part of that conversation because childcare is the workforce behind the workforce. And this tax credit is one incentive to draw and retain quality childcare providers and quality workforce. So thank you for your time and thank you, Senator Cavanaugh, for inviting me to be here and I would welcome any questions.

LINEHAN: Thank you very much. Are there questions from the committee? So I'm looking at the green copy of the bill. So the first step, five, four, three, two, one is that the, is that the quality rating.

TRACY GORDON: That's the quality rating that the childcare program receives through Step Up to Quality.

LINEHAN: So if they're in step one or two they don't get any.

TRACY GORDON: Correct. They have-- three is sort of what we are determining our baseline for quality.

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LINEHAN: And that-- is that training-- they get that-- it's through Health and Human Services, right? Who decides what--

TRACY GORDON: That's through the Department of Education. Step Up to Quality is part of NDE.

LINEHAN: OK. And then eligible staff members classification on page three, level four, how, how does that work?

TRACY GORDON: That's for the individual childcare provider and they receive points based on their level of education, their training, and their years of experience in the field. So it's kind of a, a grid that shows you how many points they can receive based on where they fall within that grid.

LINEHAN: So is-- which one of these or are both of them refundable?

TRACY GORDON: The childcare program is nonrefundable. The individual childcare provider is refundable.

LINEHAN: So the, the staff person--

TRACY GORDON: Correct.

LINEHAN: --is refundable because it's unlikely they'd owe income tax.

TRACY GORDON: Correct.

LINEHAN: OK. But hopefully, if you're running a business you do actually owe income taxes and that's not refundable.

TRACY GORDON: Correct.

LINEHAN: So-- OK. I'm going to say something so maybe this helps, maybe it hurts. I don't know. So there was a, there was a lot of energy put into discussions about tax credits in the last few days so there's emotions involved here. And this bill, why, why when they-- it didn't pass until 2017-- it passed in 2016?

TRACY GORDON: 2017, I believe, is when the first tax credits were available to utilize.

LINEHAN: Why would they sunset it in less than four years?

TRACY GORDON: Oh, I think it had five years--

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LINEHAN: Four or five years

TRACY GORDON: --didn't it? 2017, '18, '19--

LINEHAN: Five years.

TRACY GORDON: Five years, it had five years.

LINEHAN: So one of the things that, tricks that I've learned since I've been here, I don't like is we sunset things so we don't-- the fiscal note goes away and then we come back when we renew them. Were you involved in the first time they did this?

TRACY GORDON: Yes, I was.

LINEHAN: Was that part of the reason they sunset it so the fiscal note didn't--

TRACY GORDON: Probably. I don't, I don't know for sure, but I'm guessing that was probably a major factor.

LINEHAN: Yeah. OK. All right. Are there any other questions from the committee? Yes.

ALBRECHT: I just have to ask one.

LINEHAN: Yes.

ALBRECHT: Thank you, Chair Linehan. So Senator Cavanaugh said that you have-- you're, you're seeing more people being retained, right? I mean, they, they are staying longer because of this. You really [INAUDIBLE].

TRACY GORDON: This is one "incentivization" tool so it is effective and it, it is one that the childcare workforce refer to as an incentive to stay, but it is one of many.

ALBRECHT: And when you said one of many, what is, what is incentive to retain them?

TRACY GORDON: So, for example, another workforce incentive is called Child Care Wage\$ Nebraska. It's a salary supplement program that provides supplemental income in the form of stipends to early childhood educators who have a certain level of education.

ALBRECHT: Right, you have to have the education.

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TRACY GORDON: Yeah.

ALBRECHT: OK. And you say the home-based daycare providers also benefit from this if they have the education and--

TRACY GORDON: They do. Yep, the same. Yes. Yeah. Unfortunately, when it was first enacted in 2016, there was a miscommunication around the language and so the Department of Labor, I believe, did not recognize family childcare providers in, in that language and so they were left out of it until 2020.

ALBRECHT: Um-hum. Very good. Thank you for being here.

TRACY GORDON: Yeah, thank you.

LINEHAN: Thank you, Senator Albrecht. Are there other questions from the committee? I, I lost your testimony, but staff will find it.

TRACY GORDON: You can have mine, but it's all written over.

LINEHAN: So you're a national org-- part of a national--

TRACY GORDON: We are, we are the state affiliate to a national organization. Yes.

LINEHAN: So Nebraska Association, so what's the national title?

TRACY GORDON: The National Association for the Education of Young Children.

LINEHAN: OK. And is it, is it public or private or everyone--

TRACY GORDON: It is public. It is the, the nation's largest early childhood professional organization.

LINEHAN: So who would, would that be like-- I can't think of them because like all the-- because there's clearly there's kind of the box-store childcare centers franchise.

TRACY GORDON: Yeah, these, these are individuals so they are individual members. So it could be childcare providers who are working in their home, childcare providers in center-based programs, Head Start providers, school-age providers, administrators, professors at the university. I mean, here we have about 350 members in Nebraska and many of them are involved in higher education so it, it could cover anybody that is interested in the field of early childhood.

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LINEHAN: OK. All right. That's helpful. Senator Albrecht.

ALBRECHT: I promise I just want to ask one question.

LINEHAN: You're allowed.

ALBRECHT: It has to do your line of work.

TRACY GORDON: Yes.

ALBRECHT: We had a bill yesterday in Education and they are actually suspending children in pre-K to second grade. In the, in the daycares that you work with, do you ever see them telling them take your children home because we can't handle them?

TRACY GORDON: We do and it's absolutely unacceptable to me that they do that.

ALBRECHT: And very unacceptable.

TRACY GORDON: Yes, it is. And part of that is because we-- the workforce may not be educated enough to know how to handle challenging behaviors. And so if they don't know how to handle it, they just decide we're going to make it somebody else's problem. And the impact that has on a young child and their family is devastating.

ALBRECHT: It's just horrible, horrible.

TRACY GORDON: So I will say that to counter that we have an initiative in Nebraska that's called Rooted in Relationships. It's through the Nebraska Children and Families Foundation. And through that initiative, we have what's called the Pyramid Project. So Pyramid is basically a, a methodology of helping to train early childhood educators about challenging behavior, social-emotional development, and how kids interact with peers and how kids interact with adults. And so we do that. We have a, a, a group here in Lincoln that's doing it, and I just happened to facilitate that. And then they're all over the state. So we are trying to counteract that expulsion issue in helping train childcare.

ALBRECHT: That, that's good to hear because it was really heartbreaking--

TRACY GORDON: It is.

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ALBRECHT: --because I know that we're pushing for all the children to be-- to have that time in a, in a daycare situation or what do they call it now the-- I don't know, where the state, the state--

TRACY GORDON: We don't, we don't call it daycare anymore.

ALBRECHT: --provides very large daycares. I feel like it's institutionalizing our children from birth to--

TRACY GORDON: The state-funded pre-Ks.

ALBRECHT: Thank you.

TRACY GORDON: Yes, you're welcome.

ALBRECHT: OK. So but at the same time that's where they learn what they need to before they head on to, you know, pre-K or--

TRACY GORDON: And if you ask any kindergarten teacher, they will tell you that kindergarten readiness really is about social-emotional development--

ALBRECHT: Exactly.

TRACY GORDON: --and how do they interact and get along with their peers and with each other and-- yeah.

ALBRECHT: I, I appreciate--

TRACY GORDON: Emotional regulation, all that kind of stuff.

ALBRECHT: I had to use those to, to get myself, you know, to work and back, too, so I really value--

TRACY GORDON: Emotional intelligence.

ALBRECHT: --what you're doing. So thank you for being here. Appreciate it.

TRACY GORDON: You're welcome. Thank you for listening.

LINEHAN: Thank you, Senator Albrecht. Any other questions? OK. Thank you for being here.

TRACY GORDON: Thank you.

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LINEHAN: Any other proponents? Any opponents? Anyone wanting to testify in the neutral position? Senator Cavanaugh would waive-- thank you very much-- closing. There we go before 5:00. Bing-bong, we did it.

TOMAS WEEKLY: Senator.

von GILLERN: Letters.

ALBRECHT: Letters.

LINEHAN: Oh, letters. I'm sorry. I'm sorry.

KAUTH: No bing-bong for you.

LINEHAN: We're not bing-bonged yet. LB499, I've lost it.

TOMAS WEEKLY: One proponent, one opponent.

LINEHAN: OK, there you go, one propo-- [RECORDER MALFUNCTION]